



Doing Business In TAIWAN: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In TAIWAN

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Market Overview

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- Taiwan, a small mountainous island with a population of only 23 million and few natural resources, has become a high-tech powerhouse boasting the world's nineteenth-largest economy. It is a major trading partner of the United States, and ranks among our top ten export markets for both agricultural and non-agricultural products. Per capita GDP and household disposable income rank among the highest in Asia, making Taiwan an attractive consumer goods market despite its relatively small population. Please see Chapter 4 for a discussion of best prospects for U.S. exporters.
- Only fifty years ago, Taiwan's economy was dominated by agricultural production, but today it is one of the world's leading manufacturing centers for advanced information technology. Taiwan is at the heart of the global semiconductor foundry industry and sets the world standard for both contract design services and production processes. The Ministry of Economic Affairs calculates that Taiwan firms make over seventy percent of the world's wireless communication products. The island is a leading producer of thin film transistor liquid crystal display (TFT-LCD) flat panel displays. The high-tech sector relies heavily on technology licenses and imports of specialty components from the United States.
- As Taiwan loses competitiveness in older-generation technologies (which typically migrate to mainland China, Vietnam, and other lower-cost manufacturing environments), industrialists and the authorities have set their sites on biotechnology, optoelectronics, and nanotechnology as the next priority industries. The service sector has also been identified as an area where Taiwan must attain world-class quality and competitiveness.
- As a market for U.S. products, Taiwan shares several characteristics with Japan and South Korea, including similar levels of disposable income and consumption patterns, similar regulatory structures and approaches, and a common fascination with the "American lifestyle." In recognition of these synergies, the U.S. Commercial Service in Taipei, Tokyo, and Seoul have launched a coordinated program of assistance to U.S. exporters called the Northeast Asia Initiative. Please contact the Commercial Section of the American Institute in Taiwan for more information.

Market Challenges

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- Taiwan is a sophisticated market. Plugged into consumer trends in Japan and Korea, awash in products from mainland China and other lower-cost producers in Asia, and well aware of market developments in America and around the globe, Taiwan is generally a target market for high-quality, differentiated products rather than commodity items.
- At the same time, it is generally a very price-sensitive market.
- Imported products must conform to certain standards and labeling regulations required of all products in this market. Generally, a local agent will assist with this. Details of Taiwan's standards regime are provided in Chapters 3 and 6 of this report.
- A special concern of American firms over the past few decades has been the protection of intellectual property rights (IPR). In the past, Taiwan gained an unenviable reputation for violation of patents, copyrights, trademarks, and trade dress. With accession to the World Trade Organization, the passage of new IPR legislation (most recently, a new copyright law), and improved enforcement on the streets and sentencing in the courts, there is general agreement that IPR protection has improved noticeably in the past few years. Nevertheless, AIT and the U.S. Government remain watchful to ensure that American firms enjoy all due protection for their intellectual property in Taiwan. Chapters 3 and 6 provide more information on this topic.

Market Opportunities

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- Chapter 4 of this Guide lists the leading sectors of opportunity (both agricultural and non-agricultural) for U.S. exporters.
- The fact that Taiwan ranks among America's top ten export markets despite its small size indicates a general openness to U.S. products and services. The island's accession to the World Trade Organization in 2002 led to further dismantling of non-tariff barriers and a general lowering of the remaining tariffs.
- These actions further enhance U.S. opportunities in this market, which break down generally into high-value-added components and other inputs for the high-tech manufacturing sector (e.g., electronic production and testing equipment, petrochemical products); food and other agricultural products; and "American lifestyle" goods and services demanded by Taiwan's affluent population, running the gamut from luxury consumer goods to healthcare products.

Market Entry Strategy

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- Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as agent, distributor, and/or representative. The Commercial Section of the American Institute in Taiwan, working in conjunction with the U.S. Department of Commerce, can offer assistance in locating pre-qualified partners and/or performing due diligence on prospective partners through a number of services detailed in Chapter 10 of this Guide. Further information on

considerations involved in choosing and working with local partners is given in Chapter 3.

- Taiwan's banking and international remittance systems are well developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from getting paid. Irrevocable letters of credit are widely used and "L/Cs" from leading Taiwan financial institutions can generally be confirmed by U.S. banks. More information is provided in Chapter 7.
- One characteristic of Taiwan's economy is the relative importance of private small-to-medium sized enterprises (SMEs). While Taiwan does have large state-owned enterprises (now moving towards privatization) in sectors, and has produced some very large private companies such as the Formosa Group and Taiwan Semiconductor Manufacturing Company, the vast majority of firms on the island employ fewer than 200. SMEs are quite active in trading as well as manufacturing, and offer a large pool of prospective agents, distributors, and representatives for U.S. products who are prepared in terms of size and business culture to deal with American SME exporters.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/35855.htm>

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Using an Agent or Distributor

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Most foreign firms gain their initial foothold in this market by using a Taiwan agent. Many Taiwan firms prefer the partnering aspect of an agent relationship. Although some companies are willing to act only as distributors, there is concern that foreign firms that are merely seeking distributors may not be serious about the market and will not support their distributors. Some U.S. exporters that sell equipment or machinery may find it necessary to locate a partner willing and able to do some assembly or manufacturing in Taiwan. Although not necessarily formal joint ventures, these efforts require a higher degree of commitment to the market than simply selling through an agent. If the size of the market warrants, companies may wish to consider setting up a branch office or subsidiary in Taiwan. Taiwan officially welcomes foreign investment and establishing an office in Taiwan is relatively easy, even if the procedures are sometimes bureaucratic.

AIT's Commercial Section, on behalf of the U.S. Department of Commerce, provides a number of services to help U.S. firms, large and small, export their goods and services to Taiwan. Through our office in Taipei (covering northern and central Taiwan) and a branch in Kaohsiung (covering southern Taiwan), we offer a variety of resources and services (including market research, agent distributor searches, advocacy, trade missions and trade shows) to assist U.S. companies entering the Taiwan market. Please contact us at Tel: 886-2-2720-1550, Fax: 886-2-2757-7162, email taipei.office.box@mail.doc.gov. The information is also available at the website: <http://www.buyusa.gov/taiwan/en>.

The first step in using these services is contacting an Export Assistance Center in the United States. A comprehensive list of U.S. Export Assistance Centers (USEAC) can be found at <http://www.buyusa.gov/home/us.html>. These offices can help U.S. exporters determine which service is most suited to their export needs.

Arrange Business Appointments through the Gold Key Matching Service - If one is planning to visit Taiwan to locate an agent or distributor, or to begin discussions with potential buyers or business partners in Taiwan, the U.S. Commercial Service staff in Taiwan can arrange a schedule of meetings with pre-screened potential buyers, agents or distributors for a nominal fee.

Promote Companies on the U.S. Commercial Service Website – The U.S. Commercial Service in Taiwan can translate product information into Chinese and feature company information on the local version of its website, which targets Taiwan importers and buyers. Qualified U.S. exporters may register for this fee-based program directly at: <http://www.buyusa.gov/taiwan/en/aboutfuse.html>.

Establishing an Office

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Establishing a subsidiary, branch, or representative office in Taiwan is not generally considered particularly burdensome. However, there are a number of different corporate structures and issues to consider, and an array of forms and procedures to complete. In addition, a Chinese name is required. Consultations with reputable local attorneys or accountants are strongly recommended in order to identify the key issues relevant to each business and to complete all the necessary steps for establishing the entity.

The Ministry of Economic Affairs (MOEA) website has information on investing and setting up a company in Taiwan. Please see:

<http://www.moea.gov.tw/>

<http://www.idic.gov.tw/html/CompanySetup.htm>

Franchising

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A variety of franchise arrangements exist on the island, ranging from equally shared joint venture partnerships to a model in which stores are managed and operated by a master franchisee or a regionally based conglomerate. Currently, there is no specific body of law that regulates franchising in Taiwan. Franchise agreements are generally subject to the Civil Code with some regulated by the Fair Trade Law. The laws, regulations and practices concerning the intellectual property aspects of international franchising are the same as those of domestic franchising regardless of whether the transaction involves foreign persons or is purely a domestic arrangement.

To gain a foothold in the market and ensure successful performance, franchises must stress management, personnel training, customer service and consistency in product quality, and seek guarantees for reliable distribution channels. Successful franchisers in Taiwan identify a reliable professional service provider, such as attorney or accountant, to advise them on the structure and implementation of the agreement. In recent years franchise operations have expanded beyond fast food restaurants to non-food operations such as Cosmed, JaniKing and Midas.

Direct Marketing

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In 2005, approximately 720 firms were registered as “multi-level sales” enterprises on the island. “Multi-level sales” has been popular as a second job to supplement household incomes. Recent figures indicate that there are approximately 4.0 million people working for the 415 major “multi-level sales” businesses in Taiwan, which specialize primarily in health care products, cosmetics, skin care products, and household cleaning items. Foreign brands are selling well in the categories of health care products, cosmetics, skin care products, and water filters. Firms such as Avon, Amway, Nu Skin and Tupperware have particularly appealed to motivated, well-educated Taiwan women to become very successful. Direct marketing techniques such as mail order, TV/home shopping and Internet marketing are expanding rapidly.

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Foreign investors who wish to establish new enterprises in Taiwan through joint venture activities or by furnishing technical know-how, trademarks, patent rights, or other management services to a locally incorporated business enterprise must file an application for approval by the Investment Commission (IC) of the Ministry of Economic Affairs (MOEA). The IC generally issues a decision within approximately two months of receiving the completed application. Capital should not be remitted for joint-venture investment until approval is obtained.

Selling to the Government

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Selling to the Taiwan authorities offers U.S. firms both excellent opportunities and major challenges. Large and complex public tenders are generally issued and conducted on behalf of the procuring entity by the Central Trust of China (CTC), a quasi-state organization that plays a key role in the administration of public procurement. In such cases, government agencies or state-owned enterprises that need to purchase equipment or services inform CTC of their requirements. CTC then announces and administers the tender procedures, with technical evaluations performed by the purchasing entity or its surrogates (such as outside consulting firms). CTC tenders may be local (limited to firms with a Taiwan office) or international (open to firms outside of Taiwan). U.S. firms won a number of CTC-administered tenders over the years, but likewise, there have been a number of complaints over the basic procurement law (the Government Procurement Law), the administration of tenders by CTC, and the dispute resolution process. Non-transparency and onerous terms and conditions top the list of concerns.

While the CTC handles a large portion of the Taiwan authorities’ purchases of advanced equipment, most procurement are administered by the purchasing entities themselves. Nearly all of these tenders are open only to firms with a local presence, and it can be difficult for outsiders to obtain advance information on such tenders. CTC itself estimates that it handles less than 10 percent of the authorities’ total procurement. Important sectors of the economy are still in the hands of state-owned entities, although newly introduced competition is eroding what were until recently monopoly positions.

While U.S. firms have scored some major successes in public procurement, some American companies report problems with the system. The contracting entities tend to

wield excessive power over the contractor, resulting in terms and conditions that are more onerous than in most advanced economies. Examples include exorbitant liability clauses, cumbersome change-order procedures, and expensive bonding requirements. Contracting entities often seem to view contractors as adversaries, which can strain longer-term project implementation. Taiwan contracting authorities are said to be risk-averse, often finding it preferable to avoid a decision rather than risk a decision that might open them up to criticism. This can result in frustrating delays or excessive demands on the contractor, as officials seek to take the safest course of action. Non-transparent and unpredictable procedures sometimes raise suspicions of impropriety in public procurement in Taiwan.

Taiwan is not a signatory to the WTO Agreement on Government Procurement. Rather, Taiwan implemented its own Government Procurement Law (GPL), effective May 27, 1999. It had been hoped that the GPL would do much to improve the transparency and fairness of procurements by the authorities, and while there is certainly some movement in the right direction, the GPL is proving to be a disappointment. Contract terms and conditions are still often extremely one-sided, local companies sometimes make frivolous complaints under the GPL in order to be given a piece of the action, and the authorities have not yet established a binding arbitration mechanism for public procurement disputes. For these and other reasons, Taiwan's procurement practices were listed in the 2000 and 2001 United States Trade Representative "Title VII" reports as causing concern for the United States Government.

Distribution and Sales Channels

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The most common distribution route in Taiwan moves products from suppliers to distributors, from distributors to retailers, and then from retailers to consumers. Some suppliers use shorter distribution channels, distributing products directly through retailers only. Multi-level marketing is accepted in Taiwan, and some direct-selling organizations are well established here. Foreign firms, especially small- and medium-sized companies, generally rely on agents to sell their merchandise to distributors. For certain products such as apparel, however, the distribution channels tend to be more complex.

Selling Factors/Techniques

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The most important consideration for the majority of Taiwan buyers is initial price. The most common complaint against U.S. goods is that their price is too high. Americans often find Taiwan businesspeople short-term oriented, and are frequently frustrated by the fact that most Taiwan firms do not factor in life-cycle costs when negotiating a purchase. Although attitudes are changing, most Taiwan firms will only pay a higher price for a product if they see a near-term payoff. After price, the next most important considerations are quality and after-sales service.

Electronic Commerce

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Taiwan's Internet infrastructure is very well developed and fully capable of supporting the development of electronic commerce, but the island's approach to electronic commerce and related issues is still evolving. According to the Institute for Information Industry, over 90 percent of Taiwan's companies have corporate networks and a network infrastructure, while 61 percent of 5.2 million household computer users link

their computer to networks – mainly by broadband digital subscriber line (DSL). A law protecting personal on-line data was approved in 2001. A positive development is the Electronic Signature Law, passed by the Legislative Yuan in late October 2001. This law adopts the principles of the United Nations Commission on International Trade Law's Model Law on Electronic commerce and recognizes the legal validity of electronic contracts, records, and signatures.

The Taiwan authorities have passed several laws and regulations governing electronic commerce since 2003. In May 2005, the Ministry of Finance announced a guideline to impose a business tax on Internet vendors who sell products for profit and have monthly sales over NT\$60,000 (or approximately US\$1,820). In addition to a business tax, the authorities discussed a proposal to assess import duties for software sold and downloaded over the Internet. If implemented, such a policy would appear to run counter to the Doha Declaration that WTO Members would maintain their current practice of not imposing customs duties on electronic transmissions. Taiwan has declined to join the United States at APEC in advocating for a permanent moratorium on taxation of Internet transactions.

Trade Promotion and Advertising

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Taiwan businesspeople are active participants in the global marketplace. They read trade journals from the U.S., Europe and Japan, participate in major international trade events and are well aware of current trends in their industries. There are local trade shows for most major industries and the Taiwan External Trade Development Council (TAITRA) is the co-organizer of many of these shows (usually in conjunction with the relevant industry associations). A local partner can give the best advice on where and how to advertise, but participation in the major trade shows and advertisement in the relevant Taiwan trade journals and industry newspapers are important.

Information on trade shows in Taiwan can be obtained from TAITRA's website:

<http://www.taiwantrade.com.tw>.

TAITRA also offers several lists, including a frequently updated calendar for international conferences and trade exhibitions held at the Taipei World Trade Center. TAITRA-sponsored trade shows can be found at <http://www.taipeitradeshows.com.tw>. Most trade exhibitions in Taiwan are export-oriented. Some have a significant number of non-Taiwan companies exhibiting.

U.S. companies that do not have representatives or agents in Taiwan should target professional journals and magazines. The following are some of Taiwan's major industry/commercial newspapers and business publications with their respective e-mails and websites:

Commercial Times (Daily Newspaper): E-mail s119@comm2.chinatimes.com.tw
Website: <http://www.news.chinatimes.com/>

Economic Daily News (Daily Newspaper): E-mail kofeng.tseng@udngroup.com
Website: <http://www.udnnews.com.tw/>

Business Weekly (Weekly Magazine): E-mail jying.hsueh@bwnet.com.tw
Website: <http://www.ebusinessweekly.com.tw/>

Commonwealth (Monthly Magazine): E-mail joycel@cw.com.tw
Website: <http://www.cw.com.tw/>

Breakthrough (Monthly Magazine): E-mail cyndiliang@mail.chinamgt.com
Website: <http://www.harment.com/>

Directory of Taiwan (Annual Edition): E-mail chiucs@etaiwannews.com
Website: <http://www.etaiwannews.com/>

Taiwan's advertising sector is comparable to that of other developed economies and covers a wide range of media. There are some restrictions to advertising, especially for alcohol and tobacco commercials on television. Major international advertising firms doing business in Taiwan include:

Leo Burnett Co. Ltd.: E-mail office@leoburnett.com.tw

DDB Worldwide Inc.: E-mail jerome.fung@ddb.com.tw

Bates Taiwan Co., Ltd.: E-mail janicel@mail.bates.com.tw

Dentsu, Young & Rubicam Co., Ltd.: E-mail Steve_Kuo@tw.yr.com

The Commercial Service in Taiwan also offers the Featured U.S. Exporters (FUSE), Business Service Provider (BSP), and Single Company Promotion services to help U.S. companies promote their products and services in Taiwan. For further details, please see the website: www.buyusa.gov/taiwan/en.

Pricing

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Brand is an important determinant of pricing strategy, especially in the consumer goods sector. Generally speaking, price margins at the distributor level for international brands are lower than for local or regional brands. Distributor price margins range on average between 15 percent and 40 percent, depending on whether the distributor controls the marketing. Price breaks and discounts for quantity purchases are commonly offered. A five percent VAT is imposed on all products sold in Taiwan.

Sales Service/Customer Support

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Taiwan's buyers, especially commercial and industrial product users, look to many factors when deciding where they should purchase their products. These include customer technical support, after-sales services, product performance, durability, software availability, and overall commitment. U.S. firms should, however, be aware of the fact that price is often paramount.

Protecting Your Intellectual Property

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While Taiwan companies are known for their ability to quickly incorporate ideas found in competing products, Taiwan's copyright, patent, trademark, trade secret and integrated circuit layout protection laws generally meet most international standards. Market

monitoring systems (for both the export and domestic markets) are in place to help deter the sale of pirated and counterfeit goods, although concerned U.S. industries report that enforcement against the illegal manufacture and sale of such items is inadequate to satisfactorily protect their IPR. Patent, copyright and trademark holders should investigate the need or desirability of filing for those rights in Taiwan.

While Taiwan is not a member of the Bern or Paris Conventions, it generally adheres to the principles embodied in those agreements. In connection with its accession to the WTO, Taiwan has made progress in revising its Copyright Law, Patent Law and Trademark Law to conform to the TRIPS agreement and with other international treaties administered by the World Intellectual Property Organization (WIPO).

Taiwan has made the efforts to take measures to improve enforcement of IPR, including intensifying raids against manufacturers and retailers. In order to improve Taiwan's ability to protect IPR, the Executive Yuan formulated a three-year (2003-2005) IPR Action Plan. One important measure within this "three-year IPR Action Plan" framework was to establish in January 2003 an Integrated Enforcement Task Force (IETF) consisting of 220 IP police officers. The task force conducts raids on retail optical media sales points and has led to a significant decrease in the number of vendors of counterfeit CDs and DVDs. Other enforcement measures include increasing informant reward to up to approximately \$310,000 per counterfeiting seizure; strengthening boarder control inspection for optical media exports; increasing day and night inspections on optical media production facilities, night markets, and retail shops; as well as opening three warehouses for storing counterfeiting seizures. The local authorities may let the program expire at the end of its successful life cycle.

In general, Taiwan is moving towards improved IPR protection. Counterfeit goods from Taiwan seized by the U.S. Customs Service dropped from US\$26.5 million in FY2002 to US\$767,671 in the first half of FY 2005. The Business Software Alliance (BSA) also announced that the software piracy rate in Taiwan fell from 54 percent in 2002 to 43 percent in 2003; this rate remained unchanged in 2004. Despite these gains, areas for improvement remain. Taiwan is still facing serious Internet piracy and illegal peer-to-peer downloading threats. However, the Taiwan Intellectual Property Office (TIPO) initiated an "implementation plan for strengthening preventive measures against internet infringement" in May 2005 to deter Internet piracy. TIPO also created a joint Internet infringement inspection taskforce to conduct Internet inspections, and has made efforts to strengthen cooperation with enforcement agencies in other nations to tackle cyber crime.

Counterfeit and parallel imported pharmaceuticals are common in the Taiwan marketplace. Although the Legislative Yuan passed amendments to the pharmaceutical affairs law in March 2004 to increase penalties for pharmaceutical counterfeiting, enforcement remains relatively weak. On a positive note, in late 2005 the local authorities broke two smuggling rings, in one instance confiscating a sizeable amount of counterfeit pharmaceuticals. In January 2005, Taiwan's legislature approved a bill to provide data protection for pharmaceutical products, a TRIPS commitment, and an incentive for innovative pharmaceutical manufacturers to introduce new products into the Taiwan market but final implementing regulations are still pending. Generally, U.S. IPR holders continue to complain of slow progress in judicial cases, or poor protection on trade dress properties, such as packaging, configuration, and outward appearance features.

For more information, AIT has produced the following toolkit for reference:

http://www.ait.org.tw/en/economics/IPR_Toolkit/

Due Diligence

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Prior to entering into a relationship with an unknown Taiwan company, a U.S. firm would be wise to confirm the reputation of the company. Local attorneys and accountants can be excellent sources of information, as can trade associations. Taiwan's privacy laws often make it difficult to collect background information on individuals.

The U.S. Commercial Service in Taiwan maintains an on-line listing of companies that provide professional service providers on its website at www.buyusa.gov/taiwan/en. These companies can be found under the heading "Business Service Providers" in subcategories such as market research, patent and trademark law services, legal services, and accounting and auditing. The Commercial Service also offers an International Company Profile (ICP) service to help U.S. firms with due diligence in Taiwan. For further details, please see the website listed above.

Local Professional Services

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Taiwan has a comprehensive, modern legal system, as well as a respectable number of well-regarded local and international law firms and legal consultants. Many Taiwan attorneys active in the international business areas have studied law in the United States, speak English and understand the concerns of U.S. businesses. Consultations with a competent local attorney prior to engaging in business with Taiwan, or in the Taiwan market, are highly recommended.

Likewise, the major U.S. and global accounting firms and insurance companies have active offices in Taiwan. Any U.S. firms interested in entering the Taiwan market should make a point of meeting with these professional advisors. Not only can they provide advice on their specific areas of expertise, but also on a range of business and cultural matters. Up-to-date lists of professional firms may be obtained from the American Chamber of Commerce in Taiwan. The U.S. Commercial Service in Taiwan also maintains an on-line listing of local professional service providers on its website at www.buyusa.gov/taiwan/en. The listing includes local attorneys, accountants, consultants, and other professionals and can be found under the heading "Business Service Providers."

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- Commerce Department of the Ministry of Economic Affairs (MOEA): <http://www.moea.gov.tw>
- Board of Foreign Trade, MOEA: <http://www.trade.gov.tw>
- Investment Commission, MOEA: <http://www.moeaic.gov.tw>
- The Fair Trade Commission, Executive Yuan: <http://www.ftc.gov.tw>

- Intellectual Property Office, MOEA: <http://www.moeaipo.gov.tw>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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- [Laboratory Scientific Instruments \(LAB\)](#)
- [Plastics Materials/Resins \(PRM\)](#)
- [Educational Services \(EDU\)](#)
- [Electrical Power Equipment \(ELP\)](#)
- [Telecommunications Equipment \(TEL\)](#)
- [Medical Devices & Supplies \(MED\)](#)
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Commercial Sectors

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Rank	Industry Sector	Estimated Imports from the U.S. in 2005 (US\$ Million)
01	Electronics Industry Prod/Test Equipment	\$5,600.0
02	Electronics Components	4,100.0
03	Industrial Chemicals	2,259.4
04	Computers Services & Software	1,596.0

05	Laboratory Scientific Instruments	785.0
06	Plastics Materials/Resins	658.6
07	Educational Services	609.0
08	Electrical Power Equipment	435.8
09	Telecommunications Equipment	284.0
10	Medical Devices & Supplies	266.3
11	Household Consumer Goods	237.8
12	Process Controls - Industry	169.0
13	Pollution Control Equipment	68.0
14	Security and Safety Equipment	20.5

Leading Sector #01: Electronics Industry Production/Test Equipment (EIP)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$8,440.0	\$14,214.0	\$18,400.0
Total Local Production	1,375.0	1,750.0	2,250.0
Total Exports	687.0	1,012.0	1,350.0
Total Imports	7,752.0	13,476.0	17,500.0
Imports from the U.S.	1,913.0	4,274.0	5,600.0

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Capital spending for semiconductor production capacity expansion – particularly for specialty, high value-added processes such as 12-inch wafer production, advanced semiconductor packaging and testing services, and large-sized flat panel display (FPD) production – is expected to continue to grow for the coming years. Combined with the expanding production of advanced electronic products and components, this has meant continued demand for advanced EIP equipment. Most Taiwan-produced equipment is relatively basic, so advanced products must be imported. The United States has led the market for semiconductor equipment, while Japan controls the EIP markets in finished electronic products and passive components. Japanese firms are taking a very aggressive approach to the promising semiconductor market. However, U.S. suppliers are expected to remain a major source for specialized EIP equipment due to their reputation for excellent performance, reliability and durability.

Best Prospects/Services

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- Chemical vapor deposition apparatus and parts for semiconductor production
- Machine tools for dry-etching pattern on semiconductor materials
- Grinding, polishing and lapping machines and parts for processing of semiconductor wafers
- Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays

- Physical deposition apparatus and parts for semiconductor production
- Rapid heating apparatus and parts for semiconductor wafers
- Ion Implanters and parts for doping semiconductor materials
- Instruments, apparatus, parts and accessories for measuring or checking semiconductor wafers or devices
- Optical instruments, appliances, parts and accessories for inspecting photo masks or semiconductor devices

Opportunities

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Taiwan's leading semiconductor firms, including foundry, DRAM and IC packaging /testing makers, have plans to greatly expand their 12-inch wafer production capacities to increase market competitiveness. Most local FPD makers have also focused on large-sized next-generation (sixth-, seventh-, or 7.5-generation) panel facility construction projects. Total investments in TFT-LCD production from 2006 to 2008 is expected to be over \$6.0 billion, according to the Industrial Development Bureau (IDB) under the Ministry of Economic Affairs (MOEA). During the period, more than five sixth- or seventh-generation panel plants will be built on the island. These investments are expected to boost the demand for semiconductor and FPD production/packaging/testing equipment, relevant electrical machinery integration solutions, clean-room equipment and electronics chemical materials.

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Industry Technology Research Institute (ITRI): <http://www.itri.org.tw>

Industrial Development Bureau, MOEA: <http://www.moeaidb.gov.tw>

Information on major trade shows, in Taiwan, that are related to the electronics industry are available at the website <http://www.taipeitradeshows.com.tw>. Firms interested in the relevant trade shows should contact Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the EIP market are also encouraged to contact CS Taiwan, Shirley Wang, Senior Commercial Specialist, at shirley.wang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

Leading Sector #02: Electronic Components (ELC)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$45,700.0	\$51,955.0	\$57,300.0
Total Local Production	48,500.0	54,350.0	59,500.0
Total Exports	32,618.0	36,433.0	37,500.0
Total Imports	29,818.0	34,038.0	35,300.0

Imports from the U.S.	3,842.0	3,946.0	4,100.0
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Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Taiwan electronic firms, especially information technology product producers, rely on imports of leading edge components (e.g., integrated circuits) to maintain the competitiveness of their assembly operations. Taiwan's drive to maintain international competitiveness will continue to drive demand for imports from U.S. companies because of their superior technology. U.S.-made semiconductors, in general, and integrated circuits in particular, are very competitive. U.S. firms face their stiffest competition from Japanese companies, which have led the passive component and display markets for years. Taiwan-produced components are mainly suitable for consumer electronic product applications.

Best Prospects/Services

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- Fixed resistors
- Flexible printed circuit boards
- Receiver or amplifier valves and tubes
- Monolithic digital & hybrid Integrated Circuits (ICs)
- Silicon wafers
- Monolithic and monolithic digital IC chips and wafers
- Chips and wafers for light emitting diodes and transistors

Opportunities

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Taiwan is increasingly focusing on production of high value-added electronics, such as notebook personal computers and handsets, and shifting the manufacture of many low-priced items overseas. This has led to continued demand for the imports of cutting edge components, providing American firms with great sales opportunities. The U.S. has led the high-end sector and enjoyed promising sales to the growing information and communications industries. U.S. firms are expected to continue as a major supplier of advanced and specialized items due to excellent performance, reliability and durability of U.S. products.

Resources

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Industry Technology Research Institute (ITRI): <http://www.itri.org.tw>

Industrial Development Bureau, MOEA: <http://www.moeaidb.gov.tw>

Information on major trade shows in Taiwan that are related to the electronics industry are available at the website <http://www.taipeitradeshows.com.tw>. Firms interested in the relevant trade shows should contact Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the EIP market are also encouraged to contact CS Taiwan, Shirley Wang, Senior Commercial Specialist, at shirley.wang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

Leading Sector #03: Industrial Chemical (ICH)

Overview

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	2003	2004	2005 (Estimated)
Total Market Size	\$13,087.4	\$19,196.3	\$21,115.9
Total Local Production	10,005.0	15,558.0	17,113.8
Total Exports	3,772.3	5,300.2	5,830.2
Total Imports	6,854.7	8,938.5	9,832.6
Imports from the U.S.	1,404.4	2,054.0	2,259.4

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

The outlook for the petrochemical products market is very promising. The petrochemical industry in Taiwan has developed through backwards integration, with the private up-, mid- and downstream businesses developing from downstream manufacturing. Chinese Petroleum Corporation (CPC), a state-owned enterprise, evolved into the only upstream petrochemical raw material supplier for Taiwan's downstream producers. This situation continued until the establishment of the Formosa Plastics Group's (FPG) No. 6 naphtha cracker in 1998. Taiwan authorities released petrochemical industry guidelines in 1999, which called for boosting domestic ethylene production to 2.37 million metric tons by 2006. Taiwan relies heavily on imports of high-value-added products, such as polymers and specialty chemicals for the electronic and semiconductor industries. Import and export values increased substantially in 2004 compared to 2003 due to the rising price of crude oil.

Best Prospects/Services

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- Cyclic hydrocarbons
- Heterocyclic compounds with nitrogen hetero-atom(s) only
- Halides and halide oxides of non-metals
- Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives
- Acyclic hydrocarbons
- Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbonate
- Hydrogen, rare gases and other non-metals
- Hydrides, nitrides, azides, silicides and borides
- Epoxides, epoxyalcohols, epoxyphenols and epoxy ethers, with a three-member ring, and their halogenated, sulphonated, nitrated or nitrosated derivatives
- Other inorganic acids and other inorganic oxygen compounds of non-metals

Opportunities

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After the Government Procurement Law (GPL) took effect in May 1999, all agencies are required to publicize their procurement projects worth more than NT\$1 million (US\$30,303) on the Public Construction Commission's website (www.pcc.gov.tw) to provide easy access to prospective bidders. The GPL governs all government procurement for construction projects, goods, and services -- a massive market, estimated at US\$30 billion annually.

- Phase IV, 6th Refinery Project of Formosa Petroleum Chemical Company
- Yunlin Petrochemical Complex Project of China Petroleum Chemical

Resources

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Ministry of Economic Affairs (MOEA): <http://www.moea.gov.tw/index.htm>

Bureau of Foreign Trade (BOFT), MOEA: <http://eweb.trade.gov.tw/>

China Petroleum Corporation (CPC): <http://www.cpc.com.tw>

Formosa Plastics Group: <http://www.fpg.com.tw>

U.S. firms wishing to learn more about the ICH market are encouraged to contact CS Taiwan, Allen Chien, Commercial Specialist, at Allen.Chien@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

Leading Sector #04 : Computer Services & Software (CSV/CSF)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$4,360.0	\$4,603.0	\$4,971.0
Total Local Production	2,829.0	3,186.0	3,643.0
Total Exports	463.0	554.0	666.0
Total Imports	1,994.0	1,971.0	1,993.0
Imports from the U.S.	1,675.0	1,599.0	1,596.0

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Taiwan's market relies heavily on imported software. U.S. computer service providers and software vendors have a strong reputation for performance and advanced functions with integrated solution capabilities. Success in Taiwan depends largely upon product localization into Chinese, business practice customization, and flexible pricing policies. U.S. market domination is expected to continue in the foreseeable future, despite increased competition from local and third-country suppliers.

Best Prospects/Services

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- Business application software

- Information security solutions
- Storage solutions
- Information system integration solutions
- On-line learning/entertainment products and services
- Digital home and business intelligence-related applications

Opportunities

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The “Digital Taiwan” (e-Taiwan) Project under the Six-Year National Development Plan is spurring the growth and demand for computer software and services. The mergers of financial holding companies require considerable integration for existing information systems, and this has stimulated the demand for software and information services. U.S. software manufacturers have the capability and experience for large scale and mission critical utilization/applications such as ERP, SCM, and CRM software including data storage and business intelligence that dominates the high-tech manufacturing, banking and finance sectors. The demand for business applications for small-medium enterprises is increasing. Information security-related issues reinforce the demand for security-related software on the island. The increasing penetration rate of broadband utilization and the popularity of on-line games has stimulated strong market demand for networking services. Growing interaction between China and Taiwan is bolstering the market expansion of high speed networking hardware, software and services.

Resources

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Institute for Information Industry (III): <http://www.iii.org.tw>

Industry Technology Research Institute (ITRI): <http://www.itri.org.tw>

Firms interested in the relevant trade shows should contact Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the CSV/CSF market are also encouraged to contact CS Taiwan, Jacy Huang, Commercial Specialist, at Jacy.Huang@mail.doc.gov or visit the website <http://www.buyusa.gov>

Leading Sector #05 : Laboratory Scientific Instruments (LAB)

Overview

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	2003 (Actual)	2004 (Actual)	2005 (Estimated)
Total Market Size	\$1,847	\$2,315	\$2,661
Total Local Production	684	798	917
Total Exports	526	614	706
Total Imports	1,689	2,131	2,450
Imports from the U.S.	516	683	785

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Taiwan has made great efforts to improve its R&D environment. The Taiwan authorities plan to maintain a 10 percent annual growth rate in public R&D expenditures over the next ten years. The authorities have also provided the private sector with attractive R&D tax incentives and other support. In addition, since June 2002 many multinational corporations and local businesses have chosen Taiwan as a base for research and development center. Technological advances have been made with research and development assistance from Taiwan public and private sectors. With a number of on-going and proposed high-tech investment projects and increasing production of semiconductors, optoelectronic and electronic products as well as wireless communication equipment and components, the demand for quality laboratory scientific instruments will be further stimulated in the Taiwan market.

Best Prospects/Services

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- Ion implanters for doping semiconductor materials
- Compound optical microscopes and parts
- Surveying instruments and appliances and parts
- Instruments for physical or chemical analysis
- Instruments using optical radiations (UV, IR)
- Gas or smoke analysis apparatus and parts
- Chromatograph and electrophoresis instruments and parts
- Spectrophotometers and parts
- Microtomes and parts
- Hematology analyzers
- Dust analysis apparatus for gases
- Instruments and apparatus for measuring and checking semiconductor wafers
- Parts of instruments and appliances for measuring and checking semiconductor wafers
- Checkers, logic analyzers, and automatic integrated circuits testers
- Instruments & apparatus specially designed for telecommunications
- Signal generators

Opportunities

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Over the past two decades, Taiwan has concentrated on developing its high-tech industries, and is now a world leader in the production of electronic, information technology, computer and semiconductor products. Taiwan is now developing biotechnology and nanotechnology in hopes of achieving the same kind of success and global standing. U.S. suppliers of laboratory scientific instruments will find good sales opportunities for these high-tech industries.

Resources

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Board of Foreign Trade, MOEA: <http://www.trade.gov.tw>

Biomedical Engineering Center (ITRI): <http://www.bmec.itri.org.tw/>

Taiwan Bio Industry Organization: <http://www.bioclub.com.tw/>

U.S. firms wishing to learn more about the LAB market are also encouraged to contact CS Taiwan, Peter Yen, Senior Commercial Specialist, at peter.yen@mail.doc.gov or visit the website <http://www.buyusa.gov>

Leading Sector #06: Plastics Materials/Resins (PRM)

Overview

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	2003	2004	2005 (Estimated)
Total Market Size	\$5,875.0	\$5,956.4	\$6,373.3
Total Local Production	9,100.0	9,987.5	10,686.6
Total Exports	5,900.4	7,590.9	8,122.3
Total Imports	2,675.0	3,559.8	3,808.9
Imports from the U.S.	504.1	615.5	658.6

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Local demand for high value-added plastic materials and resins used in industries with rapid growth, such as electronics, communications, automobiles, textiles, packaging, medical supplies and sporting equipment, has grown significantly. To compete aggressively in regional markets, and especially in China, Taiwan must markedly increase its production capacity. Taiwan's upstream raw materials suppliers must move swiftly to complete planned expansion projects in order to satisfy downstream demand. Since, Taiwan relies heavily on imports of high-quality plastic materials and resins from the U.S. and Japan to meet customer needs, American suppliers will find good business opportunities in Taiwan's chemical industry marketplace. Quality, price and technical service are major factors in selling engineering plastics, via agents, to manufacturers in Taiwan.

Best Products/Services

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Importation of plastic materials and resins reached US\$3.6 billion in 2004. Distributors expect a five to eight percent increase in imports in 2005 as demand for plastic materials and resins grows from downstream manufacturers. Imports of high-end plastic materials and resins, particularly composite and engineering plastic materials, are on the rise, providing foreign suppliers with excellent sales opportunities. In Taiwan, plastic materials and resins from the U.S. have a good reputation for performance and technical support. Best prospects are the products listed under the following Harmonized Tariff (HS) codes and their respective total import values in 2004 are listed below:

- 3907 (US\$851 million)
- 3920 (US\$595 million)
- 3921 (US\$598 million)

Opportunities

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Taiwan's demand for imported plastic materials and resins will continue to enjoy moderate growth. The applications for most widely used plastics are in such area as electronic parts, computers, electrical appliances, textile, and building products. In 2004, the U.S. enjoyed 17.3 percent (US\$615 million) of the total import market and was the third largest supplier of plastics, next to Japan (35 percent) and Germany (19 percent). U.S. suppliers of plastic material and resins will continue to maintain a substantial market share for the next two to three years. Although U.S. plastic materials and resins are well accepted and highly regarded in Taiwan, there is strong competition from third-country and domestic suppliers.

Resources

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Board of Foreign Trade, MOEA: <http://www.trade.gov.tw/>

Taiwan Plastics Industry Association: <http://www.ttpia.com.tw/>

Trade Events: The biennial Taipei International Plastics & Rubber Industry Show will be held from March 23 - 27, 2006. Firms interested in this show should contact Taiwan External Trade Development Council (TAITRA) at taitra@taitra.org.tw or visit the website: <http://www.taipeitradeshows.com.tw/plas/>

U.S. firms wishing to learn more about the PRM market are also encouraged to contact CS Taiwan, Cindy Chang, Commercial Specialist, at cindy.chang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

Leading Sector #07: Education Services (EDU)

Overview

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	2003	2004	2005 (Estimated)
Total Number of Taiwan Students Going Overseas	26,318	32,525	33,826
Total Number of Taiwan Students Going to the U.S.	12,137	16,203	16,896

Notes: The statistics are unofficial estimates.

The total number of students from Taiwan studying in the U.S. has declined by 1% in 2004/2005, from 26,178 in 2003/2004 to 25,914. However, the number of new students going to the U.S. continues to grow. Taiwan is the sixth leading place of origin for students in the U.S. 57% of Taiwan students in the U.S. study at the graduate level, 31% at undergraduate level and 12% are enrolled in other areas of study.

Even though Taiwan's changing educational and economic situation have resulted in a decline in the number of students pursuing education overseas in recent years, the U.S. is still the most popular country where Taiwan students pursue advanced studies, especially MBA or business-related degrees, engineering degrees, TESOL degrees, ESL programs, short-term language training and summer camps. English proficiency or an overseas degree is considered a very important asset in the increasingly competitive local job market.

U.S. schools can expand their outreach in the local market through educational agents, Internet promotion and participation in education fairs.

Best Products/Services

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- MBA or business-related degrees
- Engineering degrees
- TESOL degrees
- ESL programs,
- Short-term language training and summer camps

Opportunities

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Participation at major education fairs is a good way of marketing directly to prospective students and parents. Some of the major fairs featuring U.S. education include:

- American International Education Fair (AIEF)
- Linden Tour
- American Association of Community Colleges (AACC)
- The Association of Boarding Schools Fair (TABS)
- Oh! America Education Fair
- MBA Tour

Resources

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Taiwan Ministry of Education Website: www.edu.tw

Foundation for Scholarly Exchange Website: www.ustudy.org.tw

American International Education Fair (AIEF) Website: <http://www.aief.org>

Linden Educational Services (Linden Tour) Website: <http://www.lindentours.com>

American Association of Community Colleges (AACC) Website:
<http://www.aacc.nche.edu>

The Association of Boarding Schools Fair (TABS) Website: www.schools.com

Oh! America Education Consulting Center Website: <http://www.ohamerica.net>

MBA Tour Website: <http://www.thembatour.com>

U.S. firms wishing to learn more about the EDU market are also encouraged to contact CS Taiwan, Grace Tao, Commercial Assistant, at Gace.tao@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

Leading Sector #08: Electrical Power Equipment (ELP)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$3,634.0	4,112.0	4,317.6
Total Local Production	3,950.0	4,736.1	4,972.9
Total Exports	3,172.5	3,752.4	3,940.0
Total Imports	2,856.5	3,128.3	3,284.7
Imports from the U.S.	412.9	432.2	435.8

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Taiwan Power Company (Taipower) continues to upgrade its existing facilities, build new fossil thermal-fuel power plants, and construct the Fourth Nuclear Power Plant. According to Taipower's planning, the total installed capacity in Taiwan will expand from current 33,290 MW to 54,761MW in 2015. In 2004, market demand were mainly driven by Taipower's Sixth Transmission Project and Fifth Distribution Project initiated in 2001 and scheduled to be completed at the end of 2006. The value of products imported from U.S. increased steadily in 2004. Clean coal technology and renewable energy will be the focus for the newly installed power capacity as confirmed by the National Energy Conference held in June 2005.

Best Products/Services

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- Clean Coal technology such as Integrated Gasification Combined Cycle (IGCC)
- Emission Control products such as CO2 Sequestration technology
- Renewable Energy and Energy Efficiency products
- Digital Electric Meters
- Steam Turbines, Hydraulic Turbines, and Gas Turbines for power plants
- Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example: switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for a voltage not exceeding 1,000 volts
- Electrical transformers, static converters (for example, rectifiers) and inductors
- Electric (including electrically heated gas), laser or other light or photon beam, ultrasonic, electron beam, magnetic pulse or plasma arc soldering, brazing or welding machines and apparatus, whether or not capable of cutting; electric machines and apparatus for hot spraying of metals
- Electric motors and generators (excluding generating sets)

Opportunities

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The Government Procurement Act (GPA) took effect in May 1999 and requires all agencies to publicize their procurement projects worth over NT\$1 million (US\$30,303) on the Public Construction Commission's website (www.pcc.gov.tw) to provide easy access to interested bidders. The GPL governs all government procurement for engineering projects, goods, and services -- a massive market, estimated at US\$30 billion annually. Taiwan Power Company's current major projects include:

- 6th Power Transmission Project (Thunder-Resistance Apparatus)
- 5th Power Transmission Project (Automatic Power Distribution System)
- Changgong (2x800MW) Coal-Fired Power Projects
- Linkou (Rebuild) Coal-Fired Power Projects (2x800MW)
- Shenao (Rebuild) Coal-Fired Power Projects (2x800MW)

Resources

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Ministry of Economic Affairs (MOEA): <http://www.moea.gov.tw/index.htm>

Bureau of Foreign Trade (BOFT), MOEA: <http://eweb.trade.gov.tw/>

Taiwan Power Company (Taipower or TPC):
http://www.taipower.com.tw/english/e_home.htm

U.S. firms wishing to learn more about the ELP market are encouraged to contact CS Taiwan, Allen Chien, Commercial Specialist, at Allen.Chien@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

Leading Sector #09 : Telecommunications Equipment (TEL)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$3,974.8	\$3,266.6	\$3,580.0
Total Local Production	8,092.4	9,483.0	9,960.0
Total Exports	7,040.4	8,345.3	8,570.0
Total Imports	2,922.8	2,128.9	2,190.0
Imports from the U.S.	306.6	272.4	284.0

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

In order to increase market competitiveness, local mobile operators (2G/3G) and broadcasters (terrestrial TV, radio and CATV networks) are making efforts to upgrade their network infrastructure. Taiwan's market demand for telecom equipment is expected to remain constant through 2007. The majority of Taiwan-produced telecom equipment is for export, mainly including cellular handsets, WLAN, ADSL, LAN switches, modems, cable modems, and GPS devices. However, many advanced products must be imported. European firms have led the market for mobile network infrastructure

equipment and handsets. Korean firms are taking a very aggressive approach in the handset markets.

Best Prospects/Services

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- Next generation wireline/wireless technology
- VoIP technology
- Hi-end handsets
- Audio production equipment
- Digital transmission equipment
- Test equipment

Opportunities

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The Mobile Taiwan Project (part of E-Taiwan Project) has a budget of NTD 37 billion (USD 1.2 billion) and will be undertaken 2006-2008. The project aims to enhance the island's wireline and wireless broadband infrastructure by resolving the last mile problem, implementing fiber to the home in both fixed-line and cable television networks, as well as enhancing wireless infrastructure and applications.

Resources

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E-Taiwan Project Office: <http://www.etaiwan.nat.gov.tw>

Directorate General of Telecommunications: <http://www.dgt.gov.tw>

Information on major telecom and network industry trade shows in are available at the website <http://www.taipeitradeshows.com.tw>.

Firms interested in the relevant trade shows should contact Taiwan External Trade Development Council at taitra@taitra.irg.tw for detailed information.

U.S. firms wishing to learn more about the TEL market are also encouraged to contact CS Taiwan, Frances Li, Commercial Specialist, at frances.li@mail.doc.gov or visit the website <http://www.buyusa.gov>

Leading Sector #10: Medical Devices & Supplies (MED)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$1,391.1	\$1,467.5	\$1,496.7
Total Local Production	1,236.4	1,246.4	1,260.0
Total Exports	611.5	600.6	631.3
Total Imports	766.2	821.7	868.0
Imports from the U.S.	253.0	261.1	266.3

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Taiwan's medical device market is growing rapidly as the island's increasingly affluent population has more to spend on healthcare. Foreign firms supply most of the local demand for advanced equipment. U.S. products have been recognized by local end-users as technically superior, high quality, and durable. The major factors impeding the growth of U.S. market share are the higher prices of American equipment and relatively stronger promotional efforts by other foreign competitors. The national healthcare insurance program covers 98 percent of the eligible population, and provides reimbursement for a wide range of therapies. However, the system is under critical financial strain and the implementation of the so-called "Global Budget Program" is ushering in more stringent reimbursement pricing that may slow the growth of the market, especially at the high end. Taiwan is a producer and exporter of disposable items and low-end devices. Due to the expectation that all medical equipment will be backed by an extended maintenance contract, there is virtually no market for refurbished items.

Best Products/Services

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- Cardiovascular Equipment
- Electroencephalographs
- Computerized Tomography
- Ultrasonic Scanning Apparatus
- Magnetic Resonance Imaging Apparatus
- Ultra-violet or infra-red Ray Apparatus
- Syringes, with or without Needles
- Tubular Metal Needles and Needles for Sutures
- Other Catheters, Cannulae and the like
- Artificial Kidney (Dialysis) Apparatus
- Artificial Respiration Apparatus
- Other Therapeutic Respiration Apparatus
- Artificial Joints
- Hip Prosthesis, Plates, Nails, Bone Screws, Bone Cement
- Other Apparatus based on the use of X-rays, for medical surgical or veterinary uses
- Cobalt 60 Teletherapy Apparatus

Opportunities

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The major customers for U.S. medical equipment will continue to be public hospitals and large private clinics. Since business practices and sales channels in Taiwan are different from those in the United States, professional competence and local market knowledge are the most important factors when seeking representation in Taiwan. As a whole, Taiwan's market is promising and competitive. Despite the challenge posed by national health insurance reimbursement system reform, opportunities for U.S. suppliers of advanced medical devices are good and will likely remain strong for the foreseeable future.

Resources

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Department of Health (DOH): <http://www.doh.gov.tw/cht/default.aspx>

U.S. firms wishing to learn more about the medical equipment market are also encouraged to contact CS Taiwan, Angeli Chou, Commercial Specialist, at angeli.chou@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

Leading Sector #11: Household Consumer Goods (HCG)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$2,865.0	\$3,171.0	\$3,527.0
Total Local Production	3,794.0	4,385.0	5,042.0
Total Exports	2,108.0	2,580.0	3,010.0
Total Imports	1,179.0	1,366.0	1,581.0
Imports from the U.S.	179.9	206.8	237.8

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

In 2004, Taiwan households consumed approximately \$3.1 billion worth of household consumer products. Imports accounted for 30 to 40 percent of the market demand for household consumer goods. The import market is expected to grow at an average annual rate of 10 percent over the next two years. For the most part, Taiwan's consumers are relatively price-oriented, but a significant market for premium brands does exist and flourish in the local market. Most household consumer goods imports come from China and other Asian countries. Local production supplies approximately 50 to 60 percent of the total market. The leading competitors for high-end household consumer goods are Europe and Japan. The key opportunities for U.S. products are in areas where advanced technology, superior design, unique performance or function can differentiate them from more generic products.

Best Prospects/Services

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- Premium cleaning preparations and polishes
- Household furnishings
- Washing machines and food processors
- Water filters and air purifiers

Opportunities

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Increasing standards of living and rising household disposable incomes mean that local consumers have the ability and awareness to pursue a higher-level of quality of life. During the past five years the consumption of household consumer goods has continued to increase. The appreciation of the Euro in recent years has prompted many importers

of high-end household consumer goods to turn to the U.S. for purchases. Cleaning preparations, polishes, washing machines, food processors, water filters and air purifiers are segments that will likely see increasing demand for imports from the U.S.

Resources

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Board of Foreign Trade, MOEA: <http://www.trade.gov.tw/>

Directorate-General of Customs, MOF: www.customs.gov.tw

U.S. firms would like to learn more about the HCG market are encouraged to contact CS Taiwan, Menny Chen, Commercial Assistant, at menny.chen@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

Leading Sector #12: Process Controls – Industry (PCI)

Overview

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	2003 (Actual)	2004 (Actual)	2005 (Estimated)
Total Market Size	\$820	\$ 933	\$ 982
Total Local Production	873	1,011	1,067
Total Exports	699	809	889
Total Imports	646	731	804
Imports from the U.S.	142	154	169

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

Industrial process control equipment plays an increasingly vital role in Taiwan as the economy and industrial structure continues to automate. Local manufacturers continue to modernize their production facilities, leading to increased demand for advanced industrial process controls. The Taiwan authorities continue to actively promote industrial upgrades to improve competitiveness in world markets. Consequently, Taiwan's demand for industrial process controls is growing and is expected to be sustained through tax and R&D incentives for private investment in industrial upgrading and factory automation.

Best Prospects/Services

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- Spectrum analyzers and other instruments and apparatus and parts
- Valves for oleo hydraulic or pneumatic transmission and parts
- Check vales and safety or relief and parts
- Automatic regulating or controlling instruments and apparatus
- Parts and accessories for automatic regulating or controlling instruments and apparatus
- Instruments and apparatus for measuring or checking the flow, level, pressure, or other variables of liquids or gas

- Parts and accessories for Instruments and apparatus for measuring or checking the flow, level, pressure, or other variables of liquids or gas
- Machines & appliances for testing the hardness, strength, compressibility, elasticity such as metals, textiles, plastics
- Centrifugal pumps for liquids
- Vacuum pumps
- Bellows/diaphragm pumps
- Thermostats

Opportunities

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The Chinese Petroleum Corporation (CPC) has initiated a Third Naphtha Cracker Renovation and Expansion Project, which will cost an estimated NT\$ 43 billion (about USD 1.28 billion). Also, the CPC is currently planning a Petrochemical Complex in Yunlin County with a total investment of NTD 370 billion (about USD 11 billion). In addition, Formosa Plastic Group (FPG) will invest NTD 130 billion (USD 3.88 billion) to set up a large-sized integrated steel mill in Kaohsiung, Taiwan. U.S. suppliers of process control systems and instrumentation will find good sales opportunities for these projects.

Resources

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Industrial Development & Investment Center, MOEA: <http://www.idic.gov.tw/>

Board of Foreign Trade, MOEA: <http://www.trade.gov.tw>

U.S. firms wishing to learn more about the LAB market are also encouraged to contact CS Taiwan, Peter Yen, Senior Commercial Specialist, at peter.yen@mail.doc.gov or visit the website <http://www.buyusa.gov>

Leading Sector #13: Pollution Control Equipment (POL)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	\$303	\$444	\$432
Total Local Production	130	173	235
Total Exports	100	124	181
Total Imports	273	395	378
Imports from the U.S.	45	71	68

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

The Taiwan authorities have identified the pollution control industry as an emerging industry and are very supportive of developing Taiwan into a major environmental

equipment and services exporter in the Asia Pacific Region. In recent years, local pollution control equipment manufacturers have upgraded their technologies and have grown strong in competing with imports. Major foreign suppliers include Japan, Germany, the U.S. and South Korea, comprising of 74.4% of the import market. Japan leads the import market, comprising 40% of the market, followed by the U.S.'s 17% and Germany's 14%.

Even though local manufacturers supply the major portion of the environmental market with low-cost and medium-to-high technology products, the market still relies on foreign suppliers of advanced environmental technologies. As Taiwan becomes a major manufacturing base for electronics products, advanced pollution control equipment and technologies for the high tech manufacturing sector continue to be in demand. In addition, the six-year national plan to increase household connection rates to public sewage systems will increase the demand for advanced wastewater treatment technologies.

Best Products/Services

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- Ultra pure water equipment
- Process water recycling/reuse equipment
- Precious heavy metal extraction and separation technology
- Advanced wastewater treatment technologies

Opportunities

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As Taiwan becomes the major manufacturing base for electronics products, advanced pollution control equipment and technologies for the high tech manufacturing sector continue to be in demand.

Taiwan's six-year national plan to increase household connection rates to public sewage systems will increase the demand for advanced waste water treatment technologies.

Resources

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Taiwan EPA Website: www.epa.gov.tw

Taiwan Industrial Development Bureau Website: <http://www.enviromet.org.tw/e-index.asp>

U.S. firms wishing to learn more about the EDU market are also encouraged to contact CS Taiwan, Grace Tao, Commercial Assistant, at Gace.tao@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

Leading Sector #14: Security and Safety Equipment (SEC)

Overview

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	2003	2004	2005 (Estimated)
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Total Market Size	\$344.0	\$483.6	\$507.8
Total Local Production	451.8	581.3	610.3
Total Exports	231.1	197.3	207.2
Total Imports	123.3	99.6	125.3
Imports from the U.S.	24.8	18.1	20.5

Notes: Data are in millions of USD. The exchange rate (1USD=NTD) for 2003 was NT\$34.40; for 2004, NT\$33.47; and for 2005, NT\$32.50. The statistics are unofficial estimates.

The Safety and Security industry has grown in many countries after the September 11 terrorist attacks, the outbreak of severe acute respiratory syndrome (SARS), and the potential threat of avian influenza. In Taiwan, island-wide security has also become a focal point for local authorities. In 2005, the Ministry of Interior announced a cooperative effort by law enforcement agencies to crack down on crime and to enhance public safety. Businesses are increasingly controlling visitor access and spending money to provide additional manpower and security equipment to protect lives and property. Taiwan's Executive Yuan (Cabinet) issued an administrative order to all agencies to redouble their efforts to prevent and suppress terrorist acts.

Given the increased concerns of domestic security and the population's awareness of public safety, Taiwan's market for safety and security equipment is projected to grow an average of eight percent each year through 2007. Public awareness of the need for personal safety, access control security, building safety and data/information security is increasing.

Best Products/Services

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- Access control, including residential and commercial security systems
- Biometrics facial recognition may be the most obvious type of biometrics being used in CCTVs, but others include video-motion detection, people counting for retail, and tracking and object detection, behavior watching with access control and false alarm reduction systems;
- Fire detection systems;
- Digital surveillance: CCTV applications ranging from home security to government security to corporate security;
- Security management systems;
- Networkability, and
- Radio frequency identification (RFID)

Opportunities

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The Government Procurement Law (GPL) took effect in May 1999 and all agencies are required to publicize their procurement projects worth over NT\$1 million (US\$30,303) on the Public Construction Commission's website (www.pcc.gov.tw) to provide easy access to prospective bidders. The GPL governs all government procurement for construction projects, goods, and services -- a massive market, estimated at US\$35 billion annually.

Resources

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Board of Foreign Trade (BOFT): <http://www.trade.gov.tw/>

Trade Events: Taiwan's annual Safety and Security Exhibition will be held from March 2-4, 2006. The show organizer is New Era International: <http://www.secutech.com/>. Firms interested in this show should visit our website to register online at: <http://www.buyusa.gov/taiwan/en/secutech2005.html>

U.S. firms wishing to learn more about the SEC market are also encouraged to contact CS Taiwan, Cindy Chang, Commercial Specialist, at cindy.chang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

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Agricultural Sectors

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01: Rice (1,000 mt)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	1,200	1,200	1,200
Total Local Production	1,164	1,013	1,115
Total Exports	28	43	225
Total Imports	151	156	126
Imports from the U.S.	115	83	82

(Note: Some Imports under the 2003 import system actually entered in 2004, which accounts for the discrepancy with the text.)

Best Products/Services

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Taiwan ended its long-standing ban on imported rice with its accession to the WTO on January 1, 2002, opening a significant new market for the U.S. Under its WTO accession agreement, Taiwan was required to give minimum market access (MMA) to 144,720 mt of imported brown rice in 2002 (equivalent to 125,906 mt of milled rice). Under the agreement, 65 percent of the rice entered through the public sector while 35 percent was allocated to the private trade. In 2003, Taiwan unilaterally changed the private sector part of its rice import regime to a tariff-rate quota (TRQ) system. Taiwan did not change the private-public import shares, which remain at 35/65.

Under the TRQ, any grain dealer registered with the Taiwan Council of Agriculture can buy quota rights through an auction process. The maximum ceiling price is NT\$23.26/kg and in-quota imports enter duty free. The out-of-quota rate is NT\$45/kg for rice and NT\$49/kg for processed products containing more than 30 percent rice. These duties are effectively more than 350 percent.

Taiwan imports its public sector rice through selective tendering. Any local enterprise registered as an importer/exporter at the Bureau of Foreign Trade and registered by COA as a food grain dealer is eligible to participate. Generally a major local rice mill will work together with a foreign rice exporter. Interested parties submit bids to the Central Trust of China, which administers the tender. Taiwan is expected to tender in six tranches in 2006 and beyond for 94,068 tons of rice. Only rice originating from WTO members can enter through this process. Rice from Mainland China is currently banned.

Opportunities

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High quality U.S. medium grain rice is very competitive in Taiwan's rice import market, despite continued high trade restrictions. In 2005, U.S. rice accounted for 57 percent of the import market, and was valued at approximately \$40 million. High-end U.S. rice varieties such as Tamanishiki, Koshihikari, jasmine rice, and organic brown rice also have particularly good prospects in the medium to long-term. As Taiwan is both a price and quality market, U.S. branded and quality ensured packaged rice also have potential market niches.

Resources

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- First Private Sector Rice Quota Allocation (TW5047): http://www.fas.usda.gov/scripts/AttacheRep/attache_lout.asp
- Completion of Rice Tenders for Public Imports (TW5052): http://www.fas.usda.gov/scripts/AttacheRep/attache_lout.asp
- Taiwan Grain and Feed Annual (TW5014): http://www.fas.usda.gov/scripts/AttacheRep/attache_lout.asp
- Foreign Agricultural Service Home Page: <http://www.fas.usda.gov/>
- AIT Office of Agricultural Affairs: <mailto:AqTaipei@fas.usda.gov>

02: Beef and Pork (Carcass Weight Equivalent, 1,000mt)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	1,047	1,044	1,043
Total Local Production	895	903	915
Total Exports	0	0	0
Total Imports	152	141	128
Imports from the U.S.	44	30	26

Best Prospects/Services

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Taiwan has virtually no domestic beef production and beef imports, including meat and variety meats, enter without quota limits. The Taiwan market for U.S. beef, which had been closed since the BSE report in December 2003, was re-opened, to certain

boneless cuts, on April 16, 2005. On June 24, 2005, imports of U.S. beef were again suspended following the confirmation of the second BSE case. Nearly 7,000 mt of U.S. beef, about half of the pre-BSE U.S. beef annual imports, was imported during the six weeks Taiwan allowed the entry of U.S. beef.

Pork consumption is relatively stable, although imports vary depending on local market conditions. Following high pig prices in 2004, Taiwan's swine sector is undergoing a price-led recovery and will show an increase in swine numbers and slaughter through 2006. Given the increase in domestic pork production and declining pork prices, price-sensitive imports have declined in 2005. The lifting of the tariff-rate quota on pork belly and pork offal, effective on January 1, 2005, will not necessarily lead to additional imports of these items given the price situation and high current stocks, especially for offal.

Opportunities

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U.S. beef is largely sold to hotels and higher-end restaurants, while competing countries supply mainly for home consumption or lower-end institutional use. The absence of U.S. beef has highlighted the difference between it and competing products. The warm welcome Taiwan consumers extended to U.S. beef during the brief window of import resumption re-assures a significant marketing opportunity for U.S. after trade resumes, at least some cuts, as expected in early 2006.

Taiwan imports pork, mainly picnics from the United States, when local supply is short and prices are high.

03:Poultry (Ready to cook, 1,000mt)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	734	758	768
Total Local Production	685	692	695
Total Exports	4.1	7	5
Total Imports	49	73	80
Imports from the U.S.	47	70	78

Best Products/Services

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In 2005, the first year following the lifting of TRQ volume-based restrictions on imports, Taiwan imported an estimated 76,000 tons of poultry meat, up 6,000 tons from 2004. Continuing strong market consumption to date (no significant AI-related effects on consumption) and exports somewhat up (to Japan due to Taiwan's AI-free status) are maintaining demand for imported poultry meat. With Taiwan producer prices significantly exceeding international commodity prices, imports should continue taking a growing share of the Taiwan market. This share should continue growing (particularly in broiler meat), albeit at a somewhat less frantic pace than seen as Taiwan staged its gradual dismantling of poultry restrictions after WTO accession. Special Safeguard

(SSG) duty surcharges are in place, although the impact on price and demand is limited. See TW4055 listed below for 2005 SSG regime.

Opportunities

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Price premiums paid in Taiwan for dark meat and offal should ensure that importers stay focused on these items, especially since these products are less expensive in the U.S. Strong U.S. export growth is expected to continue for several years as the market adjusts to increasing competition. Processed food and food service channels are registering the strongest initial demand for imported poultry due to retailer/consumer concerns regarding frozen chicken meat taste and performance.

Resources

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- Special Safeguards for 2005 (TW4055):
<http://www.fas.usda.gov/gainfiles/200412/146118293>
- Taiwan Poultry Annual (TW4040):
<http://www.fas.usda.gov/gainfiles/200508/146130710.pdf>
- Avian Influenza – An Initial Market Impact Assessment (TW4008):
<http://www.fas.usda.gov/gainfiles/200402/146105548.pdf>
- Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
- AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov

04: Fresh Fruit (US\$ million)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	1831	1870	1895
Total Local Production	1600	1640	1640
Total Exports	20	25	28
Total Imports	251	255	283
Imports from the U.S.	123	142	151

Best Products/Services

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With a good crop and competitive pricing, U.S. suppliers in 2004 and 2005 recovered somewhat their advantages eroded by Taiwan's WTO entry and entry of competitors such as Japan and Korea. To maintain this advantage, U.S. suppliers are encouraged to focus on deepening market relationships. Responding to importer priorities will also help retain long-term dominance in high volume fresh fruit categories. Some products such as Fuji apples and cherries have especially strong markets in Taiwan.

Opportunities

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U.S. exporters have also been very successful at introducing new fruit types and varieties to the Taiwan market. The best growth opportunities for U.S. suppliers are in "new-to-market" temperate fruits, of which cherries, strawberries, and blueberries provide positive recent examples. Peripheral varieties of established fruit categories (e.g., the "Dinosaur Egg" plum and flat peach) and fresh fruits not previously sold in quantity in Taiwan (e.g., raspberries and blackberries) also have significant growth potential, both in consumer/retail and food service channels. There are strong growth prospects for niche fruit categories (berries, flat peaches, pluots, etc.). As these products become more widely available, they will enter increasingly mainstream consumption and become more attractively priced for the mass market. There is also the potential for more "new" niche fruits to win high value beachheads in Taiwan as well. The U.S. is the largest (and in some cases only) supplier of fruit in these categories.

Resources

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- Taiwan Retail Food Sector (TW5045)
<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>
- Taiwan Stone Fruit Annual (TW5034)
<http://www.fas.usda.gov/gainfiles/200503/146119226.pdf>
- Taiwan Deciduous Fruit Annual (TW5034)
<http://www.fas.usda.gov/gainfiles/200509/146131019.pdf>
- HRI Food Service Sector (TW5004)
<http://www.fas.usda.gov/gainfiles/200503/146118965.pdf>
- Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
- AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov

Best Products/Services

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05: Dried and Frozen Fruit (US\$ million)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	16	21	23
Total Local Production	1.5	1.5	1.4
Total Exports	0.1	0	0.1
Total Imports	14.4	19.5	21.7
Imports from the U.S.	7.5	8.5	9

Best Products/Services

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Taiwan consumption of dried and frozen fruit continued growing strongly in 2005, rising another US\$2 million to US\$23 million. Fruit and berry flavors lead market trends toward new and innovative tastes. Taiwan consumers generally like the taste of dried and

frozen fruit and welcome new products. In addition, natural fruit ingredients offer processed food manufacturers new opportunities to tout associated nutrition and health benefits. Raisins and prunes continue to dominate the dried fruit category, although sales of these products are advancing at a much slower pace than previously because of strong competitors such as China and Argentina.

Opportunities

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U.S. exports of snack fruits such as dried cranberries, mixed dried fruits, and ingredient-ready dried and frozen berries (e.g., blueberries, raspberries, and cranberries) continue to enjoy a steadily increasing share of the overall segment. These products promise to maintain bullish growth through the near future as new flavors work their way into the mainstream prepared food market.

Resources

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- Taiwan Retail Food Sector (TW5045)
<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>
- Taiwan Stone Fruit Annual (TW5034)
<http://www.fas.usda.gov/gainfiles/200503/146119226.pdf>
- Taiwan Deciduous Fruit Annual (TW5034)
<http://www.fas.usda.gov/gainfiles/200509/146131019.pdf>
- HRI Food Service Sector (TW5004)
<http://www.fas.usda.gov/gainfiles/200503/146118965.pdf>
- Foreign Agricultural Service Home Page
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06: Ready-to-use-Ingredients

Ready-to-use-Ingredients

Overview

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	2003	2004	2005 (estimated)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	NA	NA	NA
Total Imports	NA	NA	NA
Imports from the U.S.	NA	NA	NA

Note: Since these semi-processed ingredients are scattered amongst various HS Codes, there is no trade data because of a lack of a definable HS code category. Most ingredient products comprise only "parts of" any single HS Code.

Best Products/Services

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Taiwan's general economic malaise of the past several years curtailed consumer spending, hitting food processors that once enjoyed strong growth with minimal product variety through recent decades. Increasingly vigorous competition for consumer attention continues to drive many food processors to innovate their mainstream and traditional food product lines. As a result, importer education along with technical/application support is advised in order to ensure a positive processor experience with a new ingredient product.

Opportunities

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U.S. suppliers of flavors, nutritional additives, product performance enhancers, and labor saving (pre-processed) industrial ingredients can expect to find high receptivity for their products in Taiwan.

Resources

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- Taiwan Retail Food Sector (TW5045)
<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>
- HRI Food Service Sector (TW5004)
<http://www.fas.usda.gov/gainfiles/200503/146118965.pdf>
- Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
- AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov

7. Cheese (US\$ million)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	34	49	54
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	34	49	54
Imports from the U.S.	3.1	4.7	5.3

Best Products/Services

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Cheese and products containing cheese continue to gain increasing acceptance among Taiwan consumers with consumption jumping 68 percent to an estimated \$50 million in 2004. The recovery in consumption, which found its wings toward the middle of 2002, increased expenditures on luxury foods (in which category cheese remains) and dining out. The inclusion of cheese as a flavoring in food service or packaged food items helps differentiate products from competitors. As it continues to work its way into the Taiwan diet, cheese has the potential for significant further growth as an ingredient in "fusion" and western-style dishes.

Opportunities

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While "sophisticated" cheeses (e.g., blue cheeses, goat cheeses) continue to struggle to expand beyond small niche markets, more mildly flavored and competitively priced cheeses such as grated & powdered cheese, processed cheeses, mozzarella, cheddar and Edam are increasingly finding their way into fresh prepared and packaged foods in Taiwan.

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- Taiwan Retail Food Sector (TW5045)
<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>
- Taiwan Dairy Annual (TW5040)
<http://www.fas.usda.gov/gainfiles/200510/146131285.pdf>
- Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
- AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov

08: Engineered Wood (US\$ million)

Overview

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	2003	2004	2005 (estimated)
Total Market Size	381	395	400
Total Local Production	180	174	165
Total Exports	42	46	43
Total Imports	243	267	278
Imports from the U.S.	3.9	4.7	5.0

Best Products/Services

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Demand for higher-end engineered wood products is expected to grow sharply once fire codes are updated to make use of these products feasible. After some delay, these changes are expected to take place in 2006.

Opportunities

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A weaker dollar is reversing recent historical trends that favored European suppliers of veneers, plywood, and other products back toward North American suppliers, helping to boost U.S. market shares in these segments. While the bulk of the engineered wood market consists of low-end plywood and fiber/particle board, changes in construction regulations, government procurement priorities, and consumer attitudes promise to spur interest in high-end engineered wood products such as structural glulam and special-application laminated wood – categories in which U.S. suppliers have particular expertise and competitive advantages.

Resources

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- Taiwan Solid Wood Annual (TW5022)
<http://www.fas.usda.gov/gainfiles/200507/146130385.pdf>
- Fire Tests Close to Completion, Final Step to Complete Wood Building Code (TW5048)
<http://www.fas.usda.gov/gainfiles/200512/146131654.pdf>
- Foreign Agricultural Service Home Page
<http://www.fas.usda.gov/>
- AIT Agricultural Trade Office
ATOTaipei@fas.usda.gov

9. Chocolate and Other Candy (US\$ million)

Overview

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	2003	2004	2005 (est)
Total Market Size	\$229	\$227	252
Total Local Production	174	173	199
Total Exports	11	15	19
Total Imports	66	71	72
Imports from the U.S.	9	8	10

Best Products/Services

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Taiwan imported nearly US\$71 million of chocolate and candy products in 2004, an eight percent increase compared with the previous year. Chocolate candy products constitute slightly more than half (59 percent) of the candy import market. In 2004, Japan was the largest supplier with 16 percent market share, followed by Italy (14 percent), the United States (12 percent), and Australia (10 percent). Italy and other EU countries mainly supplied chocolate products, while Japan mainly supplied hard and soft candies. Part of the great success of imported candy products is that they compare favorably to domestic products in both price and quality. The United States used to hold a slightly larger market share than its competitors. However, the entry of major European chocolate product manufacturers has shifted some market share away from U.S. suppliers. With the rise of leisure industry in recent years, industry sources estimate a continued slight growth of local production and exports in 2006. Imports are expected to continue to grow moderately over the next few years.

Opportunities

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U.S. candy products are considered very competitive in terms of both quality and cost, boosting prospects. The Taiwan candy market has become more mature and consumers are beginning to demand a wider variety of candies. With the long-term increase in the standard of living and an increasing focus on healthy eating, candies that provide a health benefit, or that at least do not contribute to weight gain or cavities have the best prospects. Unique flavors and creative packaging are also key to success in the Taiwan market.

Resources

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Retail Food Sector (TW5045)

<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>

2. Candy Product Brief (TW3039)

<http://www.fas.usda.gov/gainfiles/200310/145986511.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

C. In Taiwan please contact:

1. AIT Agricultural Trade Office

ATOTaipei@fas.usda.gov

10. Pet Food (US\$ million)

Overview

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	2003	2004	2005 (est)
Total Market Size	\$55.0	62	66
Total Local Production	13.0	13.3	13.6
Total Exports	0.34	0.20	0.15
Total Imports	42	49	53
Imports from the U.S.	15.4	15	23

Best Products/Services

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The United States exported an estimated \$23 million worth of pet food to Taiwan in 2005, a 53 percent increase from the previous year, after recovering from an 80 percent fall in the first two months of 2004 because of BSE concerns. Taiwan imported an estimated US\$53 million worth of pet food in 2005, an over 8 percent increase from 2004. U.S. exports are expected to rebound in 2006 and increase over the next few years.

The new requirement in 2001 for a Health Certificate for pet food imports froze out major competitors such as Thailand, Japan, and the EU from the Taiwan market. However, these countries are gradually re-entering the market as their plants slowly gain approval to supply product to Taiwan. On the other hand, the detection of BSE in the U.S. in December 2003 resulted in a Taiwan ban on the entry of U.S. pet foods, except those solely derived from fish, poultry and dairy. In 2004, Taiwan relaxed pet food import requirements by allowing pet food that do not contain U.S. ruminant products or use imported ruminant ingredient. In 2004, 14 U.S. pet food facilities have regained market access after Taiwan's plant-by-plant visit and approval. Currently, out of the countries

with disease concerns to Taiwan, two facilities in Thailand, one in Japan, one in France and four in Canada are approved to export pet food to Taiwan. Countries that have no disease concerns, such as Australia or New Zealand, do not require a plant clearance.

Opportunities

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Despite the temporary disruption to U.S. pet food exports, the long-term trend remains favorable. The growth in the Taiwan pet food market can be attributed mainly to a change in attitude toward animals as pets and a subsequent shift from feeding table scraps to stray animals to serving specially manufactured pet food to well cared-for pets that are increasingly pedigreed breeds. With rising incomes and rising western influence, dogs are now a symbol of affluence. Imported pet food maintains a market share of approximately 79 percent, even though retail prices for imported pet foods are higher than locally produced products. Currently, the ratio of dried to canned pet food is 70:30. Pet food is sold in pet shops, pet clinics, department stores, and supermarkets in a pet food corner. It is estimated that Taiwan has approximately 800 pet stores, not including street vendors. In addition, there are more than 1,200 pet clinics and a growing number of pet beauty parlors.

Resources

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A. For further information, please see these Foreign Agricultural Service (FAS) reports:

1. Taiwan Retail Food Sector (TW5045)

<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>

2. Taiwan Livestock Annual (TW4034)

<http://www.fas.usda.gov/gainfiles/200509/146130792.pdf>

B. For general information on U.S. agricultural exports:

1. Foreign Agricultural Service Home Page

<http://www.fas.usda.gov/>

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Taiwan promulgated a comprehensive tariff schedule revision schedule on January 1, 2004 in compliance with Taiwan's Free Trade Agreement with Panama, and Taiwan's accession commitments to the World Trade Organization (WTO). Tariffs on pharmaceuticals, pulp/paper, iron/steel, construction equipment, agricultural equipment, medical equipment, furniture and toys were eliminated starting on January 1, 2004. As a result of this revision, Taiwan's average nominal tariff rate on imported goods in 2004 was approximately 5.7 percent and is expected to fall to 5.5 percent by 2007. However, U.S. industry continues to request that Taiwan lower tariffs on imports of many products, including large motorcycles, wine, canned soup, cookies (sweet biscuits), savory snack foods, vegetable juices, potatoes and potato products, grapes, apples, fresh vegetables, and citrus products.

Upon Taiwan's accession to the WTO in January 2002, Taiwan implemented a tariff rate quotas (TRQs) system on small passenger cars. Taiwan also lowered tariffs on small passenger cars, resulting in lower prices. Taiwan is a participant in the WTO Information Technology Agreement (ITA). Under the ITA, Taiwan has phased out tariffs on agreed information technology products.

A commodity tax must be paid if an imported product falls into one of seven commodity categories. The tax is assessed on the C.I.F. and duty-paid value of affected imports. The seven commodity categories include rubber tires, cement, machine-made cool drinks, oil and gas, certain electric appliances, flat glass, and motor vehicles. In addition to tariffs, all imports are assessed a Commercial Harbor Service Charge, which is based on cargo weight and net ship tonnage.

Trade Barriers

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Although authorities have taken steps to improve the business and investment climate, U.S. firms report that impediments remain in some sectors, especially services. Rules

on local licensing of professionals are cited as a barrier to foreign providers of some services. Some foreign investors complain of lengthy and non-transparent approval processes. Taiwan's science-based industrial parks and export processing zones by contrast offer streamlined procedures. While Taiwan has made significant improvement in protecting intellectual property, some foreign firms still cite inadequate protection as a deterrent to investing.

Import Requirements and Documentation

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Taiwan categorizes imports into controlled and permissible items. In order to comply with its WTO commitments, Taiwan eliminated import controls on 99.27 percent of 10,921 official import product categories. Currently, 24 product categories require import permits from the Board of Foreign Trade. Imports of 56 categories are "restricted", including ammunition and some agricultural products. These items can only be imported under special circumstances, and their importation is effectively banned. Prohibited imports include: narcotics, toxic chemicals, hazardous waste, and fireworks. Arms, munitions, and explosives are banned outright. (Insert text here)

Non-Agricultural Products and Products Generally

A foreign supplier's pro forma invoice (quotation) is required for application of an import permit and the establishment of a letter of credit. Documents required for shipments to or from Taiwan include the commercial invoice, bill of lading or airway bill, and packing list. A certificate of origin is also required for designated commodities such as sedans, other small passenger cars and their chassis, tobacco and alcohol products and some agricultural products. Shipments of agricultural products, plants, and animals to Taiwan may require certificates of inspection or quarantine issued in the country of origin and are subject to inspection and quarantine upon importation into Taiwan.

The commercial invoice must show the import license number; FOB, C&F, or CIF value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoice must agree with those on the import license, if any. No requirements exist as to the form of a commercial invoice or a bill of lading. In addition to the information generally included in a standard bill of lading, all marks and case numbers appearing on packages must be shown. Customs does not permit the grouping of marks or numbers on a shipment of mixed commodities.

U.S. Export Controls

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The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of designated "dual-use" commercial items. Dual-use items have both commercial and potential military applications.

A relatively small percentage of total U.S. exports and re-exports require an application to BIS for a license. License requirements are dependent upon an item's technical characteristics, the destination, the end-user, and the end-use. It is the responsibility of the U.S. exporter to determine whether a given export requires a license.

If an item requires an export license, the exporter must file an application with the BIS. If the application is approved, a license number and expiration date will be provided for use on the export documentation.

A good starting point for U.S. exporters to obtain hands-on information about licensing requirements and regulations is to attend a U.S. Department of Commerce export control seminar on complying with U.S. Export Controls. For counseling assistance, please contact the Department of Commerce at Tel: 202-482-4811, Fax: 202-482-3617 (Washington, DC) or Tel: 949-660-0144, Fax: 949-660- 9347(Newport Beach, California) and Tel: 408-998-7402, Fax: 408-998-7470(San Jose, California).

Further information is available from BIS at:

<http://www.bis.doc.gov>

Temporary Entry

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Taiwan is not a member of the ATA Carnet system. However, Taiwan has signed bilateral agreements with 27 nations, including the United States to implement provisions of the ATA Carnet. These agreements grant temporary customs exemptions for commercial samples, professional equipment and exhibition goods, which are brought into Taiwan for sales promotion and exhibition purposes. They facilitate international business by avoiding extensive customs procedures, eliminating payment of import duties and value-added taxes, and replacing the purchase of temporary import bonds. Items must be shipped out of Taiwan within one year of the event's conclusion to avoid imposition of import tariffs and other taxes.

The agreement with the United States to implement the TECRO/AIT Carnets was signed in December 1999. Like the ATA Carnet, TECRO/AIT Carnets are valid for up to one year and allow U.S. exporters to avoid duties and taxes when entering Taiwan. The TECRO/AIT Carnets issued exclusively for Taiwan are very similar to the traditional ATA Carnets, but must be applied for separately (due to the U.S.'s lack of diplomatic recognition of Taiwan). For example, if traveling to both Taiwan and an ATA Carnet country, one would have to apply for a TECRO/AIT Carnet and an ATA Carnet. Questions regarding the process of the TECRO/AIT Carnets should be directed to the ATA Caret Department, U.S. Council for International Business at 1212 Avenue of the Americas, New York, N.Y. 10036, Tel: 212-703-5078, Fax: 212-944-0012, Website: <http://www.uscib.org/>, Email: atacarnet@uscib.org.

In the case of imported goods on which only a rental is incurred, without a transfer of ownership, the duty shall be determined on the basis of the rental amount plus the transportation and insurance fees. Duty for goods entering Taiwan for repair or assembly will be based on the costs of repair or assembly (excluding freight and insurance).

Labeling and Marking Requirements

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Taiwan labeling regulations require that the net contents of packaged goods shall be shown in metric units. Dual labeling in metric and non-metric units is permitted.

Measuring instruments calibrated in non-metric units must show metric equivalents. Taiwan's Consumer Protection Law requires that all imported goods have Chinese language labels and instructions, which shall be at least as comprehensive as the language-of-origin labels and accompanying instructions.

All imported cargo must bear a mark of distinctive design, a set of three or more letters, or a combination of design and letters indelibly stenciled, stamped, or burned on the packing or on the cargo itself. For cargo packed in cases, boxes, crates, casks, drums, or cylinders, each container should bear a separate number, which cannot be repeated for two years. Bags or bales also must bear a nonrecurring number, date, or set of three or more letters. In addition, each package of a consignment must be numbered consecutively. Numbering is not essential for large lots of cargo except when packaged in cases, boxes, or crates, provided that each package of the consignment contains cargo of identical weight.

Food Product Labeling. As required by the March 1995 amendment to Taiwan's "Law Governing Food Sanitation," Taiwan requires Chinese language labeling for food items sold at retail (with some exemptions for selected food-service items) and requires that the labels be affixed before customs clearance. Required information includes name and address of the manufacturer or importer, expiry date, list of food additives, and weight, volume or quantity of ingredients. If you have questions on labeling requirements for food products, please contact the AIT Agricultural Trade office at atotapei@usda.gov

Prohibited and Restricted Imports

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The Taiwan authorities have placed restrictions and/or controls on the imports of certain products on the grounds of national security, maintaining the public order, or preserving human, animal or plant health. Currently, 24 product categories require import permits from the Board of Foreign Trade. Imports of 56 categories are "restricted", including ammunition and some agricultural products. These items can only be imported under special circumstances, and their importation is effectively banned. Prohibited imports include: narcotics, toxic chemicals, hazardous waste, and fireworks. Arms, munitions, and explosives are banned outright.

Presently, vessels that carry goods imported from and exported to China can only sail indirectly; that is, they must call on a third-country port en route. Taiwan is significantly liberalizing imports of products from China (PRC) as both have joined the WTO. Currently, 8,655 categories or 79.25 percent of all import categories in the Taiwan tariff schedule can be imported from the PRC; the rest remain banned. However, Taiwan will continue to review imports from the PRC and consider further relaxations once every six months or on a regular basis, as requested by the business sector.

Starting May 19, 1998, Taiwan extended to all banned PRC imports the same rules and regulations it applies to all other imports with regard to country of origin and value added processing. In other words, banned goods from the PRC can be imported if it can be shown that they were primarily made elsewhere, and did not undergo substantial transformation in the PRC. The definition of "substantial transformation" is value added exceeding 35 percent of the final export value of the goods. In addition, companies working in bonded facilities, enterprises located in export processing zones, and

science-based industrial parks which produce wholly for export are permitted to import banned manufacturing components and raw materials from the PRC.

Customs Regulations and Contact Information

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Taiwan revised its Customs Law in July 1986 in order to implement procedures consistent with the "Agreement on Implementation of Article VII of the GATT." This article refers to the valuation of all imports for the assessment of duties. In accordance with its WTO accession agreement, Taiwan again amended its Customs Law in May 1997 and formally implemented the amendments to bring Customs Law into conformity with the Customs Valuation Agreement on January 1, 2002.

The dutiable value of an import into Taiwan is defined as its cost, insurance and freight (C.I.F.) value. Under the Revised Customs Law, duty-paying value (DPV) is based on the transaction value, which is the import cost.

Directorate General of Customs, MOF
13 Ta Cheng Street, Taipei 103, Taiwan
Tel: 886-2-2550-5500
Fax: 886-2-2550-8111
<http://www.customs.gov.tw>

Standards

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Overview

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The Bureau of Standards, Metrology and Inspection (BSMI), under the Ministry of Economic Affairs (MOEA) has responsibility for the development, compilation and publication of "Chinese National Standards" (CNS) as well as for conformity assessment. BSMI also implements commodity inspection measures as stipulated in Taiwan's Commodity Inspection Law.

Taiwan promulgated the Standards Act in 1946, establishing a National Bureau of Standards under the MOEA. The Standards Act was amended in 1997 to accommodate changes in global trade and in anticipation of future WTO obligations. The "Regulations for the Establishment of Chinese National Standards" were amended in 1996 and again in 1998 to promote standards quality and to facilitate harmonization of national with

international standards. Responsibility for standardization was taken over by the Bureau of Standards, Metrology and Inspection (BSMI) on January 26, 1999, as a result of a reorganization aimed at integrating conformity assessment activities.

Taiwan's national standards are based primarily on international standards such as those set up by the International Standards Organization (ISO), International Electro technical Commission (IEC) and International Telecommunications Union (ITU). Taiwan acceded to the WTO on January 1, 2002. The preparation, adoption and application of national standards comply with the requirements of the Agreement on Technical Barriers to Trade (TBT) of the WTO.

National standards are classified under 26 categories. By the end of 2004, the BSMI has developed 13,898 national standards. Among those referenced by WTO technical regulations, 287 have corresponding international standards and the harmonization with these international standards have been completed. The rate of harmonization of Taiwan's national standards with international standards increased from 46% in 2001 to 69% in 2004. By the end of 2004, the BSMI has also completed the harmonization of the 103 standards that are included in the Asia Pacific Economic Cooperation (APEC) programs.

The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark. The BSMI also carries out necessary food and safety inspection measures while the Bureau of Animal and Plant Health Inspection & Quarantine (BAPHIQ) is responsible for inspection and quarantine for the purpose of safeguarding animal and plant health. Taiwan's sanitary and phytosanitary (SPS) standards are, for the most part, different from U.S. standards or those established by international regulatory bodies such as the Office of International Epizootic (OIE) or the Codex Alimentarius.

Standards Organizations

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The Standards Division (First Division) of BSMI is responsible for drafting standards policies and regulations. This division consists of four sections, with the First Section responsible for general standardization activities including the drafting of regulations, guidance, harmonization planning, administration of the CNS mark, compilation of the standards gazette and promotion of national standards. The remaining three sections are each responsible for standards in specific industry sectors.

In addition, there are four standards-related institutions under BSMI involved in the development and promotion of Chinese National Standards. These are the National Standards Review Council, the Information & Communication National Standard Promotion Committee, the National Standards Technology Committees (26 categories), and the Electronic Information Exchange Committee.

BSMI issues plans for standards development semi-annually. These plans are published in the National Gazette and filed with the WTO Secretariat in accordance with the TBT agreement.

BSMI has established an on-line system for the public to obtain Chinese National Standards information on line: <http://www.bsmi.gov.tw> or <http://cnsm.bsmi.gov.tw>. The former website also provides access to updated standards gazettes.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:
<http://www.nist.gov/notifyus/>

Conformity Assessment

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The Sixth Division of BSMI is in charge of testing and inspection methods. This division currently conducts testing in areas including electromagnetic compatibility (EMC), biochemistry, chemistry, polymers, materials, electrical engineering and mechanical engineering.

Before 1997, Taiwan relied on batch inspection as the only conformity assessment procedure available to ensure compliance. Along with the development of a technical infrastructure leading to advances in testing capabilities, the Commodity Inspection Act was revised in 1997 and again in 2001 to create a framework for a type-testing system and Supplier's Declaration of Conformity (SDoC) as replacements for traditional batch inspection. The type-testing system was implemented in January 1999 while SDoC was introduced for certain electronics products in January 2002.

Under the new type-testing system, "Registration of Product Certification" (RPC), products are subject to the appropriate conformity assessment modules as determined by the authorities. These seven modules cover both the design and production phases of product manufacture. They consist of Internal-Control (Module I), Type-Test (Module II), Conformity-to-Type Declaration (Module III), Full Quality Assurance (Module IV), Production Quality Assurance System (Module V), Product Quality Assurance (Module VI), and Simplified Quality Assurance (Module VII). Conformity assessment for Module II, which requires safety or electromagnetic compatibility (EMC) testing or inspections, is required for all products. Module III, IV, V, VI or VII are applied in combination with Module II as specified by MOEA.

The SDoC is the least trade restrictive conformity assessment procedure, and is currently applied only to low-risk products with stable manufacturing technology. Under the SDoC scheme, manufacturers may have testing done by BSMI designated laboratories, prepare their own technical documents, and draft the declaration of conformity themselves. Products using the SDoC approach are under market surveillance by BSMI. Products permitted to use the declaration of conformity approach may be imported without customs inspection.

Currently, a total of 19 commodities are covered by the SDoC system, mainly parts or accessories for information technology products, including electronic calculators, hard discs, floppy discs, optical discs, data storage units, main boards, add-on cards with I/O, power supplies for computers and etc. A complete list of products is available in BSMI's website: www.bsmi.gov.tw.

Products specified by MOEA must comply with inspection requirements before they are shipped from the manufacturing premises or imported and placed on the market. Manufacturers or importers of these products must apply to BSMI for inspection before shipment or importation. Beginning on January 1, 2004, BSMI adopted a dual-track approach to allow manufacturers or importers to choose the "Registration of Product Certification" (RPC) scheme or a Batch-by-Batch inspection (BBI) with Type Approval.

The RPC scheme encompasses requirements for the product design stage (type testing) and manufacturing stage (quality management system). In other words, while applying for the Registration of Product Certification, both the product design and manufacturing process must conform to the requirements specified by BSMI. With the RPC certificate, domestic manufacturers may ship their products and importers may proceed directly with customs clearance.

Importers or firms having small numbers of products for sale in the domestic market may find the BBI with Type Approval approach easier. According to BSMI, upon approval of the sample product, the random inspection rate is about 10%.

Taiwan's safety regulations follow IEC and CNS standards. All safety testing for end products must be done in Taiwan by Taiwan-accredited laboratories. The UL safety certification has never been considered sufficient to meet Taiwan requirements for end product safety certification. While some products that have UL safety certification may have entered Taiwan in the past, that approval for entry was based on BBI results, not UL certification. Home appliances, certain fire fighting products, electrical power distribution devices (including cables and switches), lighting products for in-door use and motors require safety testing or inspection.

In order to enhance the protection of consumers from hazards posed by telecommunications and electrical and electronics products, and to meet international requirements for electromagnetic compatibility (EMC), BSMI has promulgated "Regulations Governing Electromagnetic Compatibility of Commodities." Manufacturers or importers must obtain type approval of their products from BSMI and all products must apply for inspection based on the EMC type approval certificate. Currently, products subject to EMC inspection include copy machines, television sets, VCRs, information technology products, household appliances, computer components, and power tools.

As of November 2004, a total of 539 items were subject to mandatory inspection before being allowed on the domestic market. These items include 199 chemical products and 340 mechanical and electrical products.

Mr. Wang Chwan-Jhy, Chief of the Second Section of the Third Division, is the contact point to assist firms with problems in this area. Tel: 886-2-2343-1782, Fax: 886-2-3343-3991, e-mail: cj.wang@bsmi.gov.tw. BSMI also has an English language section on its website describing measures governing the registration of product certifications.

<http://web-server.bsmi.gov.tw/english/rpc/mgrpc.htm>

There is currently an Electromagnetic Compatibility (EMC) Mutual Recognition Agreement (MRA) between the U.S. and Taiwan covering information Technology (IT) products. In accordance with the terms of this MRA, BSMI accepts EMC testing by any laboratory located in the United States and accredited by the National Institute of Standards and Technology (NIST) under the NAVLAP program. NIST accredited labs outside the U.S. are not accepted by BSMI.

Accreditation

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On January 6, 2004, BSMI integrated the operations of the Chinese National Laboratory Accreditation (CNLA) and the Chinese National Accreditation Board (CNAB) to form the Taiwan Accreditation Foundation (TAF). TAF is the island's sole national accreditation body, responsible for supervision of CNLA and CNAB, both of which conduct accreditation work in accordance with international standards and the requirements of international organizations. Based on the ISO/IEC Guide 58, CNLA has set up an accreditation management system and follows ISO/IEC 17025, a new version of general requirements for laboratories. CLAB has adopted ISO/IEC Guide 61 and International Accreditation Forum (IAF) guidance to conduct accreditation for management system accreditation bodies, product certification bodies, auditor certification bodies, auditor training course providers, and inspection bodies.

Accreditation for labs is conducted on a voluntary basis. At present, CNLA provides laboratory accreditation in 12 fields. The 12 fields include acoustics and vibration testing, mechanical testing, non-destructive testing, biological testing, chemical testing, ionizing radiation, electrical testing, optical testing, calibration, temperature and heat testing, construction, and medical testing. So far, CNLA has accredited more than 1000 laboratories in Taiwan. There are 20 bodies accredited under CNAB. Of these 20 accredited bodies, 11 are engaged in accreditation of quality management systems; six for environmental management systems; one for auditor training courses; and two for product certification.

Information about laboratories accredited by the CNLA is available on the CNLA website: www.cnla.org.tw. In addition, the CNAB website (<http://www.moea.gov.tw/~cnab/index.html>) provides a current directory of accredited bodies, certified organizations of the accredited bodies, accreditation process notices, classification of accreditation scope, documents required for application for accreditation, and accreditation requirements.

Publication of Technical Regulations

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Proposed and final technical regulations are submitted to the MOEA by the BSMI for publication. This information is then published in the National Standards Gazette. In addition to the Gazette, BSMI also publishes several pamphlets to propagate information on standards. These pamphlets include the Catalogue of National Standards Categories, List of CNS Mark Product Items and Directory of CNS Mark Companies, Compilation of Laws & Regulations of Applying for CNS Mark, Q&A on Standards and CNS Mark, and Q&A on Technical Barriers to Trade. BSMI's website (www.bsmi.gov.tw) also provides updated information from standards gazettes and on standards regulations.

U.S. entities can provide their comments about local technical regulations or other related issues by contacting the BSMI directly or through the National Enquiry Point under the WTO TBT Agreement in the U.S. The BSMI Information Center performs the functions of National Enquiry Point under the WTO TBT Agreement for other countries.

Labeling and Marking

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Taiwan's Commodity Labeling Act was first promulgated in January 1982 and amended in 1991 and 2003. A revised Commodity Labeling Act took effect on June 25, 2004. In labeling commodities, the writing shall be in Chinese and may be supplemented by English or other foreign language. When an imported commodity is introduced for sale on the domestic market, labeling and instructions or sales literature written in Chinese shall be added to the commodity by the importer. The contents provided in Chinese language shall not be simpler or more condensed than those from the place of origin of such commodity. The name/title and the address of the foreign manufacturer of an imported commodity to be labeled may not be written in Chinese language.

Where a commodity is introduced for sale on the domestic market, the following particulars shall be labeled:

1. Name of the commodity;
2. Name, telephone number and address of the producer or manufacturer, the place of origin of the commodity, and the name, telephone number, and address of the importer for imported commodity;
3. Contents or composition of the commodity;
 - Major components/ingredients or materials.
 - Net weight, volume or quantity, or measurements shall be labeled in statutory measuring units and other measurements may be added when it is deemed necessary.
4. Date of manufacture in the Chinese calendar or Gregorian calendar; the expiration date or the term of validity if the commodity has a limited duration of storage; and other particulars as required by the Central Government Competent authorities.

Where a commodity is under any of the following circumstances, the scope of application, the date of expiration, the methods of use and storage of such commodity, and other points requiring attention shall be indicated:

1. Hazardous or dangerous in nature;
2. Related to health and safety; and
 - Having special characteristics or requiring special handling.

Contacts

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Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs
No. 4 Chinan Rd., Sec. 1, Taipei 100, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998
www.bsmi.gov.tw (Insert text here)

Trade Agreements

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Taiwan became a member of the WTO on January 1, 2002. Taiwan became a member of the Asia Pacific Economic Cooperation (APEC) in November 1991, and joined the Central American Bank for Economic Integration in 1992. Taiwan is also a member of the Asian Development Bank (ADB), the Pacific Economic Cooperation Council (PECC) and the Pacific Basin Economic Council (PBEC).

Web Resources

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Board of Foreign Trade: <http://www.trade.gov.tw>

Directorate General of Customs: <http://www.customs.gov.tw>

Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs:
www.bsmi.gov.tw

Directorate General of Telecommunications, Ministry of Transportation & Communications: www.dgt.gov.tw

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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1. The following is the Investment Climate Statement for 2006.
2. Taiwan officially welcomes foreign direct investment, which at the end of 2004 amounted to 19.8 percent of GDP. Although authorities have taken steps to improve the investment climate, U.S. firms report that impediments remain in some sectors, especially services. Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Taiwan's science-based industrial parks and export processing zones by contrast offer streamlined procedures. While Taiwan has made significant improvement in protecting intellectual property, some foreign firms still cite inadequate protection as a deterrent to investing.
3. As part of its efforts to improve the investment climate, Taiwan no longer has a list of permitted investments, but maintains a negative list of industries closed to foreign investment (i.e., only those industries on the list are not open to foreign investment). Liberalization has reduced the list to less than one percent of manufacturing categories and less than five percent of service industries. Some foreign investors believe that liberalization of investment regulations has proceeded faster than corresponding adjustments in attitudes of officials implementing the regulations. The latest significant liberalization took place in February of 2003 when alcohol production, agricultural production, fishing, and animal husbandry were opened to foreign investors, although prior approval is still required from the Taiwan authorities. To live up to its WTO accession commitments, Taiwan opened private production of cigarettes in 2004 without any foreign ownership limit. Railway transport (passenger and cargo), freight transport by small trucks, pesticide manufacture, brokerage and leasing and trading were all

completely opened to foreign investment. After its accession to the WTO in January 2002, Taiwan opened imports of gasoline and liquid natural gas (LNG) to the private sector, without any foreign ownership restriction. It also permitted private wine and cigarette imports. In April 2004, Taiwan dropped mining and ordinary trucking services from but included single-axle truck leasing in the negative list.

4. Most foreign ownership limits have been removed, with a few exceptions. Taiwan-flagged merchant ships are subject to a foreign ownership limit of 66.66 percent. The foreign ownership limit on wireless and wireline telecommunications firms is 60 percent, including a direct foreign investment limit of 49 percent. For the former state-owned Chunghwa Telecom Co., which still controls 97 percent of the fixed line telecom market, the ceiling on direct and indirect foreign investment was raised to 35 percent in August 2004. In January 2003, Taiwan raised the foreign ownership limit on cable television broadcasting services from 50 percent to 60 percent, including a 20 percent limit on foreign direct investment. A 50 percent foreign ownership limit remains on satellite television broadcasting services, power transmission and distribution, piped distribution of natural gas, high-speed railways, ground-handling firms, air-cargo terminals, air-catering companies, and air-cargo forwarders. The 50 percent foreign ownership limit on ground-handling firms, air-cargo terminals, air-catering companies, and air-cargo forwarders was removed for investors coming from WTO members in November 2001. The foreign ownership limit on airline companies is 33 percent.

5. Regulations governing foreign direct investment principally derive from the Statute for Investment by Foreign Nationals (SIFN) and the Statute for Investment by Overseas Chinese (SIOC). These two laws permit foreign investors to invest in foreign currencies as well as in NT dollars. Companies reinvested by joint ventures with foreign ownership below 33 percent are exempt from limitations applicable to industries on the negative list. Both the SIFN and the SIOC specify that foreign-invested enterprises must receive the same regulatory treatment accorded local firms. Foreign companies may invest in firms undergoing privatization and are eligible to participate in public-financed research and development programs.

6. The Foreign Investment Commission (FIC) of the Ministry of Economic Affairs screens applications for investment, acquisitions, and mergers. According to the FIC, approximately 98 percent of projects with an investment value less than NT\$500 million (US\$14.9 million) are excluded from the negative list; the FIC estimates that approval for these projects is generally granted within three working days at the FIC division chief level. For investments in the range from NT\$500 million to NT\$1,500 million excluded from the negative list, approval authority rests with the FIC Executive Secretary and normally is granted within one week. Approval of investments in industries above NT\$1,500 million or on the negative list requires several weeks because those investments must be referred to the relevant supervisory ministries and require approval of the FIC Chairman or FIC Executive Secretary. Investments involving complicated terms such as merger and acquisition require screening at the monthly meeting of an inter-ministerial commission.

7. Taiwan offers incentives to encourage investment, including accelerated depreciation and tax credits for investments in emerging or strategic industries, pollution-control systems, production automation and energy conservation. Equipment for R&D purposes can be brought into Taiwan duty-free. Other incentives include low-interest loans for developing new and/or cutting edge products, upgrading traditional industries, and

importing automation or pollution-control equipment. A broad five-year tax holiday for new investments was re-instituted in January 1995. Incentives for manufacturing firms to locate factories in designated industrial parks prior to the end of December 2006 include free rent in the first two years, 40 percent discount on rent in the subsequent two years, and 20 percent discount in the fifth and sixth years. As part of its financial reform, Taiwan encourages banks, insurance companies, and securities firms to merge or transform into financial holding companies. Such mergers and transformations are eligible for incentives.

8. The Taiwan government will slash investment tax incentives as a part of a tax reform designed to reduce its fiscal deficit and outstanding public debt. A ten-percent alternate minimum tax on business firms is scheduled to be implemented in 2006. Laws and regulations will be amended to eliminate tax incentives for overseas operations of IC design firms and IC product engineering service firms. Taiwan government will cut the number of industries entitled to tax incentives by one-third and double the thresholds in annual R&D expenses for tax offset from NT\$15 – 20 million to NT\$30 – 40 million. The tax offset for procurement of automation equipment will be lowered from 11 percent to 7 percent and that for procurement of technologies reduced from 10 percent to 5 percent. The tax offset for projects in remote poor areas will be cut from 20 percent to 15 percent.

9. In spite of the FIC and efforts to encourage investment, many foreign investors, especially small investors in the service sector, encounter cumbersome and non-transparent procedures when trying to establish businesses in Taiwan. Professionals such as lawyers, architects, accountants, and securities brokers all must pass local licensing exams before they can practice. Foreign investors report that a major attraction of investing in Taiwan's science-based industrial parks is the assistance provided in expediting needed approvals. Investors outside of these areas must seek approval from several central and local government offices. This can be daunting for the small investor without a local partner or agent.

Conversion and Transfer Policies

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10. There are relatively few restrictions on converting or transferring direct investment funds. Foreign investors with approved investments can readily obtain foreign exchange from a large number of designated banks. The remittance of capital invested in Taiwan is made according to a schedule submitted by the company to the FIC. Declared earnings, capital gains, dividends, royalties, management fees, and other returns on investments can be repatriated at any time. Capital movements arising from trade in merchandise and services, as well as from debt servicing, are not restricted. No prior approval is required for movement of foreign currency funds not requiring exchange between the NT dollar and the foreign currency. No prior approval is required if the cumulative amount of inward or outward remittances does not exceed the annual limit of US\$5 million for a person or US\$50 million for a corporation. There are no reported delays in remitting investment returns or principal through legal channels.

11. An outbound investment may not exceed 40 percent of the investing company's net worth or paid-in capital (whichever is less), unless the company charter waived the 40 percent limit or unless such investment is approved by shareholders. A local company is

not required to obtain prior approval for overseas investments; however, such an approval exempts the company from the annual capital outflow limit of US\$50 million.

12. In April of 2002, Taiwan significantly relaxed restrictions on Taiwan entities' direct investment in China down to a negative list covering only about 100 manufacturing products and 430 agricultural products. In August of 2002, Taiwan abolished a requirement for direct investment in China to go through third nations or areas and removed a direct investment limit of US\$50 million. The ceiling on small and medium enterprises' investment in China was raised from NT\$60 million to NT\$80 million. For large enterprises, the Chinese investment may not exceed 20 percent of the company's net worth exceeding NT\$10 billion, 30 percent of net worth from NT\$5 billion to NT\$10 billion, or 40 percent of the net worth below NT\$5 billion. For investments below US\$200,000, prior approval can be obtained the same day the application is submitted. Taiwan has begun allowing direct investment in eight-inch silicon wafer plants in China with some restrictions. Taiwan authorities require an investor to submit a quarterly financial report if the cumulative investment in a project exceeds US\$20 million. Investors are encouraged to repatriate their capital and earnings.

13. Taiwan authorities have actively encouraged investment in Southeast Asian nations. Investments are also encouraged in a number of countries with which Taiwan has diplomatic relations, mainly in Central America. Incentives include loans and/or overseas investment insurance with the Export-Import Bank of ROC.

Expropriation and Compensation

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14. No foreign invested firm has ever been nationalized or expropriated in Taiwan. No examples of "creeping expropriation" or official actions tantamount to expropriation have been reported. Under Taiwan law no venture with 45 percent or more foreign investment can be nationalized for a period of 20 years after the venture is established. Expropriation can be justified only for national defense needs and "reasonable" compensation must be given. (Insert text here)

Dispute Settlement

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15. Taiwan is not a member of the International Center for the Settlement of Investment Disputes or the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards. However, investment disputes are not common. Normally, Taiwan resolves disputes according to domestic laws and regulations.

16. Taiwan has comprehensive commercial laws, including Company Law, Commercial Registration Law, Business Registration Law, Commercial Accounting Law as well as laws for specific industries. Taiwan's Bankruptcy Law guarantees that all creditors have the right to share the assets of a bankrupt debtor on a proportional basis. Secured interests in property, both chattel and real, are recognized and enforced through a registration system.

17. Taiwan's court system is generally viewed as independent and free from overt interference by the Executive Branch. Judges are generally over-worked. In response to complaints about the slow pace of the judicial decision-making, Taiwan authorities adopted measures in 2002 to monitor the case processing time. Simplified courts have been set up to deal with minor cases that can be resolved quickly. Special courts for intellectual property rights (IPR) cases have been established. Unfortunately, the IPR courts are required to hear all types of cases, thus diluting their value. The judgments of foreign courts with jurisdictional authority are enforced in Taiwan by local courts on a reciprocal basis.

Performance Requirements and Incentives

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18. All of Taiwan's performance requirements were removed in January 2002 upon Taiwan's WTO accession except for industrial offset arrangement for Taiwan's military procurements. Like domestic firms, foreign invested-companies must be located in areas zoned for appropriate industrial or commercial use. Employment of foreign white-collar employees is subject to prior approval, and a requirement for such employment is a minimum capital of NT\$5 million if the employing company has a life less than one year or annual sales of NT\$10 million if the life of the employing company exceeds one year. Tax credits and tax breaks are offered to encourage the introduction of new technology into Taiwan. Tax credits are also offered to encourage companies to locate in less-developed areas of Taiwan. Subsidies of up to one-half of total expenditures are offered for R&D programs. Taiwan does not require that firms transfer technology, locate in specified areas, or hire a minimum of local employees as a prerequisite to investment.

19. Manufacturing firms located in export-processing zones and science-based industrial parks are required to export all of their production in exchange for tariff-free treatment of production inputs. However, these firms may sell on the domestic market upon payment of relevant import duties.

20. "Offsets," or requirements to make investments and/or transfer technology as a condition of a public procurement are generally not permitted under WTO guidelines that, however, do not cover military procurements. Taiwan authorities frequently impose offset obligations on successful bidders for large military procurements under an organized Industrial Cooperation Program (ICP) administered by the Industrial Development Bureau of the Ministry of Economic Affairs. Winning a Taiwan defense contract of US\$10 million or more triggers a direct or indirect offset obligation of at least 40 percent. In some cases, the offset ratio has reached 70% percent. Defense contractors frequently complain of lack of transparency and predictability in setting offset requirements. Although the U.S. Government's Foreign Military Sales (FMS) program does not recognize offset obligations, the successful vendor in an FMS transaction may nevertheless face offset obligations to the Taiwan authorities. Direct offsets are performance requirements directly related to the goods or services procured, such as a commitment to manufacture certain parts of a weapon system in Taiwan. Indirect offsets are less directly related, or even completely unrelated, to the sale. For example, a firm selling military aircraft to Taiwan might assume an obligation to introduce and/or invest in technologies that are central to the island's industrial policy such as biotechnology or

nanotechnology. Most firms with substantial offset obligations employ in-house specialists or outside contractors to structure their offset programs.

Right to Private Ownership and Establishment

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21. Private investors have the general right to establish and own business enterprises, except in a limited number of industries involving national security and environmental protection. Private entities have the right to freely acquire and dispose of interests in business enterprises. Private business firms have the same access as state-owned companies to markets, credit, licenses, and supplies. Taiwan authorities have eliminated state-owned monopolies in such areas as power generation, oil refining, telecommunications, cigarette and wine production.

Protection of Property Rights

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22. In 2005, Taiwan continued improving its IPR legal regime and enforcement. In addition to raids against manufacturers and retailers, transforming an ad hoc task force into a permanent agency, and strengthening border control inspection, the authorities initiated in May 2005 a program to deter Internet piracy. The Intellectual Property Office (TIPO) has set up a joint task force to conduct Internet inspections and will cooperate with enforcement agencies to implement this program over the next three years. To prepare for its WTO accession in 2002, Taiwan amended its Patent Law and Copyright Law in November 2001. The amendments extended the term of protection from 18 years to 20 years for some patents and defined computer software as literary works. To address the problem of CD/DVD piracy, Taiwan passed an Optical Media Law in October 2001. The law provides Taiwan authorities with a legal framework to manage CD manufacturing plants through licensing and the use of Source Identification (SID) codes in production. Offenders may receive prison terms up to three years and be fined up to NT\$6 million (US\$179,000). The Optical Media Law and the Joint Optical Disk Enforcement (JODE) Task Force's night and day inspections have led to a dramatic decrease in large-scale factory production of counterfeit CD products produced by CD plants. Taiwan again strengthened its copyright law in 2003 and 2004. These amendments made infringement a public crime, increased penalties for counterfeiters and made it illegal to tamper with technical protection measures. Following a 2004 amendment to the Pharmaceutical Law with stiffer penalty on production, distribution and sales of counterfeit medicines, Taiwan passed in January 2005 another amendment to the law to authorize pharmaceutical data exclusivity for 5 years so as to prevent unfair commercial data use.

23. Following its 2002 "IPR Action Plan", the Executive Yuan adopted a fresh IPR Action Plan for 2003-2005. One important measure within this "IPR Action Plan" framework was to establish in January 2003 an Integrated Enforcement Task Force (IETF) consisting of 220 IP police officers. The task force has frequently raided retail optical media sales points to enforce IP rights and has led to a significant decrease in the number of vendors of counterfeit CDs and DVDs. Further, the government

transformed the task force to a permanent IP police squadron in November 2004. Other enforcement measures include increasing the reward (by ten times to NTD10 million (USD0.3 million) to IPR informants for counterfeiting seizures and setting up an anti-pirating CD export task force to strengthen inspection on the border.

24. Taiwan's Legislature passed amendments to the Patent and Trademark Laws in January and April of 2003, respectively. The amendments simplified the administrative and legal procedures for opposing patent applications and added sounds and 3-D shapes as elements eligible for trademark.

25. In general, Taiwan is moving towards improved IPR protection, but transshipment of counterfeit products from China to the United States remains a problem. Counterfeit goods from Taiwan seized by U.S. Customs dropped from US\$26.5 million in FY2002 to US\$610,000 in FY2003, and Taiwan's ranking in counterfeit goods seized by the U.S. Customs dropped from "second" in 2002 to well below top ten. However, a sharp increase in transshipment of counterfeit goods from China in the past year has pushed the value of seized counterfeit goods up to US\$767,671 in the first half of FY2005, and Taiwan's ranking climbed back to "seven" on the U.S. Customs ranking in the six-month period. In addition, Taiwan is facing a growing internet-based piracy threat. Counterfeit and parallel imported pharmaceuticals are common in the Taiwan marketplace. Although the LY passed amendments to the pharmaceutical law in March 2004 to strengthen the penalties for dealing in counterfeit pharmaceuticals, enforcement remains relatively weak. Rights owners continue to complain of slow progress in judicial cases, or poor protection on trade dress properties, such as unregistered marks, packing configurations, and outward appearance features.

Transparency of Regulatory System

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26. Taiwan has a set of relatively comprehensive laws and regulations regarding taxes, labor, health and safety.

27. Foreign investors note that in addition to tax incentives one of attractions of Taiwan's science-based industrial parks and export processing zones is that bureaucratic procedures associated with investment applications are relatively few and transparent. Outside these areas, the Industrial Development and Investment Center (IDIC) is supposed to function as the coordinator between investors and all agencies involved in the investment process. The Foreign Investment Commission (FIC) is charged with reviewing and approving inbound and outbound investments. However, especially for small investors in services the investment approval process can be daunting.

28. Taiwan has made much effort to simplify the work-permit issuance procedure for foreign white-collar employees. In March 2004, the Council of Labor Affairs (CLA) set up a single window to issue work permits for all white-collar workers. It takes 7 to 10 days for CLA to issue work permits. The work permit may be extended indefinitely as long as the employer considers the employment necessary.

29. In December of 2002, Taiwan removed the job experience requirement for employment of foreign management professionals by global operational headquarters

and R&D centers in Taiwan as well as business firms of designated industries. White-collar workers having a master's degree or above are not subject to any job experience requirement. Those with lower education levels are required to have job experience. Foreign white- and blue-collar workers have the right to obtain permanent residence status after they have legally stayed in Taiwan for seven consecutive years with the minimum time of residence of 180 days per year in Taiwan. The seven-year requirement is waived for high-tech personnel and those who have made "significant contributions" to Taiwan.

30. The entry-visa issuance procedures for foreign white-collar workers who work for foreign-invested companies are relatively simple. A foreign executive who enters Taiwan with a tourist visa is no longer required to leave the island before the tourist visa can be transferred to an employment visa. A foreign executive whose employment visa expires is not required to exit before the visa can be renewed.

Efficient Capital Markets and Portfolio Investment

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31. A wide variety of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms. Legal accounting systems are largely transparent and consistent with international standards. The regulatory system is generally fair. Foreign portfolio investors are no longer subject to the foreign ownership limits or investment fund limits. In recent years, Taiwan authorities have taken a number of steps to encourage more efficient flow of financial resources and credit. The limit on NT dollar deposits that a branch of a foreign bank may take has been lifted. Non-residents are permitted to open NT dollar bank accounts, which are subject to capital-flow controls. After its accession to the WTO in January 2002, Taiwan lifted restriction on residents' opening bank accounts overseas. Limits on branch banking have been lifted, although approval must be obtained to open new branches. Restrictions on capital flows relating to portfolio investment have been removed. The insurance and securities industries have been liberalized and opened to foreign investment. Access to Taiwan's securities markets by foreign institutional investors has also been broadened.

32. Taiwan abolished the complicated regulatory system governing foreign portfolio investment in October 2003. In the past, only such approved "qualified foreign institutional investors" (QFIIs) as large banks, insurance companies, securities firms and mutual funds, were permitted to engage in portfolio investment. Since then, any foreign institutional investor is allowed to enter Taiwan's markets, and registration has replaced prior approval. The minimum asset requirement has been removed. Investment and capital flows are not limited. On-shore foreign investors (like other residents) are still subject to capital flow limits of U.S. \$5 million for an individual foreign investor and US\$50 million for an unregistered foreign company.

33. In December of 2002, Taiwan removed all legal limits on foreign ownership in companies listed on the Taiwan Stock Exchange (TAIEX) except for certain industries, including power distribution, telecommunications, mass media firms, and airline companies. There have been no reports of private or official efforts to restrict the participation of foreign-invested firms in industry standards-setting consortia or organizations.

34. Taiwan has a tightly regulated banking system. Since the mid-1980s, the financial sector as a whole has been steadily opening to private investment. Nevertheless, the market share held by foreign banks remains relatively small (below three percent). The establishment of new securities firms, banks, insurance companies, and holding companies, has underscored this liberalization trend and enhanced competition. Four large state-owned banks were privatized in early 1998, four sold to the private sector in 1999, and one in 2005. The only reinsurance company was privatized in 2002. Privatization efforts have reduced the number of public banks to four and cut the share of assets controlled by public banks from 61 percent to 16.7 percent of total assets of all domestic and foreign banks. The total assets of these four public banks were NT\$4.64 trillion (US\$138 billion) as of June 2005.

Political Violence

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35. Taiwan is a relatively young multi-party democracy with still evolving, democratic political institutions. The close margin in the 2004 presidential election resulted in an attack on election offices and several large-scale demonstrations. Nevertheless, these incidents were peacefully resolved in a short time. There have been no reports of politically motivated damage to foreign investment. Both local and foreign companies have, however, been subject to protests and demonstrations relating to labor disputes and environmental issues.

Corruption

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36. Taiwan has implemented laws, regulations, and penalties to combat corruption. The "Corruption Punishment Statute," and the criminal code contain specific penalties for corrupt activities. In January 2004, legislation doubled the penalties for corruption by financial personnel, including maximum jail sentences of up to ten years.

37. AIT is not aware of cases where bribes have been solicited for investment approval. Both central and local governments offer investors incentives including free rent on land for the first two years and discounts in subsequent years. Taiwan authorities encourage foreign investment and would take action against officials and individuals convicted of profiting illegally from foreign investors.

38. The Government Procurement Law promulgated in 1998 and amended in February 2001 as an element of Taiwan's accession to the WTO has brought significant improvements. The Public Construction Commission (PCC) publishes all major government procurement projects that require open bidding, in accordance with WTO transparency requirements. The PCC organizes inspection teams to monitor all public procurement projects both at the central and local levels. It publishes results of bidding and of inspections. A task force has been organized to investigate complaints.

39. Authorities generally investigate allegations of corruption and take action to penalize corrupt officials. Since its inauguration in May 2000, the Chen Administration has strengthened anti-corruption efforts. Since then, prosecutors have indicted 6,932

persons for corruption, including 380 senior officials (department director level and above) and 494 elected officials. Indicted elected officials included 19 legislators. In September 2004, a former speaker of the legislature was sentenced to jail for four years on a charge of taking a NT\$150 million (US\$4.5 million) bribe. Two heavy weights in the ruling party were forced to give up their titles as senior presidential advisors, one in 2003 and the other in 2005, because of allegations of corruption. In 2001, the Secretary General of the executive branch was forced to step down for corruption committed when he was Chairman of the state-owned Taiwan Sugar Corp.

40. Attempting to bribe, or accepting a bribe from, Taiwan officials constitutes a criminal offense, punishable under the "Corruption Punishment Statute" and the "Criminal Code." The Corruption Punishment Statute as amended in late 2002 treats payment of a bribe to a foreign official a criminal act and makes such a bribe subject to criminal prosecution. The maximum penalty for corruption is life imprisonment plus a maximum fine of three million NT dollars (US\$89,500). In addition, the offender may be barred from public office. The assets obtained from acts of corruption may be seized and turned over to either the injured parties or the Treasury.

Bilateral Investment Agreements

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41. Taiwan has concluded bilateral investment guaranty agreements with the following 25 countries: Argentina, Belize, Burkina Faso, Costa Rica, Dominica, El Salvador, Guatemala, Honduras, India, Indonesia, Liberia, Malaysia, Macedonia, the Marshall Islands, Nicaragua, Nigeria, Panama, Paraguay, the Philippines, Saudi Arabia, Senegal, Singapore, Swaziland, Thailand, Malawi, and Vietnam. In addition, there is an agreement to guaranty Taiwan's investment in Malawi and another agreement to protect U.S. investment in Taiwan. (An agreement with Latvia signed in 1992 was revoked in August 2004.)

42. Under the terms of the 1948 Friendship, Commerce, and Navigation Treaty with the United States, U.S. investors are generally accorded national treatment and are provided with a number of protections, including protection against expropriation. Taiwan and the United States also have an agreement, signed in 1952, pertaining to investment guarantees that serve as the basis for the U.S. Overseas Private Investment Corporation (OPIC) program in Taiwan. In September 1994, representatives of the United States and Taiwan signed a bilateral Trade and Investment Framework Agreement (TIFA) to serve as the basis for consultations on trade and investment issues. Consultations on a bilateral investment agreement between the United States and Taiwan began in 1996, but are currently on hold.

OPIC and Other Investment Insurance Programs

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43. OPIC programs are available to U.S. investors, though U.S. investors have never filed an OPIC insurance claim for an investment in Taiwan. Taiwan is not a member of the Multilateral Investment Guaranty Agency.

44. As a result of Taiwan's changing industrial structure, labor shortages exist in hi-tech fields including semiconductor and computer chip design and production, computer software design, flat panel and display manufacturing, and telecommunications engineering. The law governing hiring procedures for professional engineering consulting firms continues to place an unnecessary burden on foreign personnel. A two-year work experience requirement for work permits restricts companies from hiring foreign interns or recent graduates. Taiwan began employment of foreign blue-collar workers in 1990 when Taiwan was a full employment economy with labor shortages. However, in the early 2000s, the relatively high unemployment rate prompted the government to restrict employment of foreign workers, reducing foreign workers in Taiwan by eight percent between 2000 and 2003. Economic expansion prompted Taiwan's government to slightly relax restrictions and foreign workers in Taiwan rose 6.8 percent from 298,392 persons in March 2004 to 320,614 persons in October 2005.

45. There are no special hiring practices in Taiwan. Wages typically include a one-month bonus at the end of a year. Fringe benefits often include meals, transportation, and dormitory housing. Dividend-sharing is common among high-tech industries. A standard labor insurance program is mandatory. The program provides maternity, retirement, and other benefits. A separate retirement program requires employers to grant employees with voluntary retirement at age of 55 years and a length of service of 15 years. The mandatory retirement age is 60 years. A new retirement system implemented in July 2005 abolishes the voluntary retirement scheme for workers regulated by the new system. Employees hired after July 2005 must join the new retirement system without any choice. The new system requires employers to contribute six percent of the monthly wage to employees' accounts at designated banking institutions, and the accounts follow employees transferred from one employer to another. A universal national health insurance system covers all employees and their families.

46. The Employment Insurance Law enacted in 2002 provides unemployment relief practices with a legal basis. Alternatives for unemployment pay include vocational training allowance for jobless persons and employment subsidy for employers to encourage employment of jobless persons. The Labor Standard Law (LSL) sets a standard eight-hour workday and a biweekly maximum of 84 hours. Legislation adopted in late 2000 set a five-day workweek for the public sector, effective January 2001. Nearly half of private firms have adopted the five-day workweek system. The LSL restricts child labor and requires employers to provide overtime pay, severance pay, and retirement benefits. The LSL covers both manufacturing and service sectors. Violators are liable to criminal penalties (jail terms) and administrative punishments (fines).

47. The minimum wage is set at NT\$15,840 (US\$473) per month. Current manufacturing sector wages average NT\$41,830 (US\$1,249). In principle, the minimum wage is adjusted in August every year based on the results of collective negotiation between the Chinese National Federation of Industries and the Chinese Federation of Labor Unions. However, for the past seven years, the minimum wage has not been adjusted.

48. Labor unions have become more active and independent since Taiwan's martial law was lifted in 1987. Economic expansion in 2003 and 2004 led to a decline in labor disputes in these two years, but economic slowdown in 2005 contributed to an increase in the first ten months of the year. Taiwan is not a member of the International Labor Organization but generally adheres to the ILO convention of protecting worker's rights.

Foreign-Trade Zones/Free Ports

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49. Taiwan's first free trade/free port zone began operation at Keelung, Taiwan's northern port, in November 2004. Another four have been established in 2005. These four are located at CKS Airport in Taoyuan and Taiwan's three international harbors in Kaohsiung, Taichung, and Taipei. Several other zones are still under planning. Taiwan authorities have relaxed restrictions on movement of merchandises, capital and personnel into and out of such zones. Foreign investors are accorded national treatment.

Foreign Direct Investment Statistics

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50. Statistics on foreign direct investment in Taiwan are available from two sources. The Foreign Investment Commission (FIC) publishes monthly and yearly foreign investment approval statistics by industry and by country. The Central Bank of China (CBC) publishes foreign direct investment arrivals on a quarterly and yearly basis. CBC data, contained in balance-of-payments (BOP) statistics, are not further classified by industry or country.

51. A sharp increase in foreign demand contributed to over-expansion of Taiwan's industrial sector in 2004 when manufacturing growth set a 17-year high of 10.6% and private investment growth reached a new record of 31%. However, excess inventory and excess production capacity, together with continued industrial relocation overseas, resulted in a contraction of 2.6% in private investment in the second half of 2005. Private investment is expected to see moderate growth of 3.2% in 2006 as manufacturing firms have begun an upturn in their business cycle in late 2005. For example, both semiconductor and flat panel display firms, two backbones of Taiwan's manufacturing sector, reported an increase in their utilization of production facilities from 60-70% in late 2004 to 90-95% in late 2005.

52. Foreign investment in Taiwan is concentrated in electronics and electrical industries and the service sector. Approved direct investment in electronics and electrical industries including Semiconductor, TFT-LCD and other optical electronic projects soared 45 percent in 2003, and 140 percent 2004, but declined by 30 percent in the first three quarters of 2005. This category accounted for a quarter of the cumulative approved inbound direct investment. Seventy percent of the approved inbound direct investment in Taiwan's electronics and electrical industries came from the United States, Europe and Japan.

53. Approved inbound direct investment in the service sector (including banking & insurance, wholesale & retail, trade, and professional services), grew 17 percent in 2003, then declined 10% in 2004, and surged 34% in the first three quarters of 2005. This category constituted 41 percent of the cumulative approved inbound direct investment.

54. The United States and Japan used to be the two main sources of Taiwan's foreign investment, but they were replaced by the tax havens in the British Territories in America (BTA), which harbor a growing number of multinational corporations (many originating in Taiwan). Approvals for U.S. investment from 1952 to 2004 totaled US\$13.3 billion, or 22 percent of total foreign investment. Of total U.S. investment, 34 percent was directed toward the electronics and electrical industries, and 35 percent toward the service sector. Approvals for Japanese investment amounted to US\$12 billion, or 20 percent of total foreign investment, of which 28.4 percent was in electronics and electrical industries and 31 percent in the service sector.

55. Approvals for investment from the BTA surged steadily from US\$76 million in 1994 to US\$1.2 billion in 1999 when the BTA surpassed the United States and Japan to become the largest source of foreign investment in Taiwan. Investment from the BTA during 1999-2004 accounted for 27 percent of total approved investments, compared to 18.2 percent from the United States, 17.5 percent from Europe, and 14.7 percent from Japan. Twenty-seven percent of the investment from the BTA was directed towards the banking and insurance industries and another 21.5 percent to the electronic and electrical industries.

56. As a relatively open and liberal economy, Taiwan receives foreign investment while its businesses invest overseas, especially in China, Southeast Asia and the Americas. According to balance-of-payments statistics compiled by the CBC, outbound direct investment has exceeded inbound direct investment since 1988. According to FIC statistics, by the end of 2004 cumulative approvals for outbound investments totaled US\$83.3 billion. One of the main recipients of Taiwan investment has been China, which has received over two-thirds of Taiwan's outbound investment. Approved investments in China increased by 19 percent in 2003, and 51 percent in 2004, but declined 12.4% in the first three quarters of 2005.

57. Taiwan business firms started to relocate their production bases to China in the late 1980s. Production lines in China gradually shifted from cheap labor-oriented industries in the late 1980s to products requiring lower-end technologies, such as PC and motherboard, in the early 2000s. The WTO accession of China and Taiwan in 2002 prompted Taiwanese business firms to accelerate relocation to China to sharpen their competitive edge in exports. Taiwan factories based in China use the lower cost labor and land there to process Taiwan-made production inputs into finished goods for exports to such industrial markets as the United States, Japan and Europe. Taiwan's direct investment across the Taiwan Strait grew from US\$1.25 billion in 1999 to US\$6.94 billion at the end of 2004. As a result of this trend China-based Taiwan factories produced 40.5% of export orders received by Taiwan headquarters by October 2005, up from 11.5% in early 2000, and the October 2005 ratio even exceeded 70% for electronic firms. Greater China (China plus Hong Kong) replaced the United States as Taiwan's largest export market in 2001, and Greater China's share of Taiwan's exports in the first ten months of 2005 reached 38 percent, much higher than the 15 percent for the United States and 12 percent for the European Union.

Table 1
Foreign Investment Approvals by Year and by Area
(1952-2004) (unit: U.S. dollar million)

Year	U.S.A.	Japan	Central Ameri.	Europe	Hong Kong	Other	Total
-----	-----	-----	-----	-----	-----	-----	-----
52-89	3,067	2,983	341	1,312	1,198	2,049	10,950
1990	581	839	66	283	236	297	2,302
1991	612	535	60	165	129	277	1,778
1992	235	278	38	214	169	279	1,213
1994	327	396	76	245	251	336	1,631
1995	1,304	573	151	338	147	412	2,925
1996	489	546	417	198	267	544	2,461
1997	491	854	659	401	237	1,625	4,267
1998	952	540	711	367	274	895	3,739
1999	1,145	514	1,216	462	161	733	4,231
2000	1,329	733	2,300	1,000	271	1,775	7,608
2001	940	685	1,397	1,182	145	780	5,129
2002	600	609	803	609	66	585	3,272
2003	687	726	919	635	44	565	3,575
2004	362	824	896	964	195	712	3,953
52-04	13,342	12,055	10,087	8,740	4,002	12,269	60,495

Source: Foreign Investment Commission

Table 2
Foreign Investment Approvals by Industry and Area
(1952-2004) (unit: U.S. dollar million)

Industry	U.S.A.	Japan	Centr. Ameri.	Eur.	Hong Kong	Other	Total
-----	-----	-----	-----	-----	-----	-----	-----
Total	13,342	12,055	10,074	8,740	4,002	12,282	60,495
Electronics & Electrical	4,567	3,427	2,167	1,904	655	1,805	14,525
Banking & Insurance	2,379	416	2,684	2,143	696	2,639	10,715
Services	949	1,448	1,549	884	504	1,612	6,946
Chemicals	1,516	878	305	1,098	278	404	4,479
Wholesale & Retail	822	957	930	874	268	782	4,633
Trade	524	880	216	326	313	482	2,741
Basic Metal & Products	354	794	215	129	128	945	2,565
Machinery	380	842	232	216	118	299	2,087
Food & Beverage	254	270	109	245	127	403	1,408
Transportation	76	72	17	75	141	737	1,118
Transport Equipment	101	531	98	68	98	68	964
Non-metallic Minerals	257	250	40	96	81	184	908
Others	1,405	1,290	1,512	682	595	1,922	7,406

Source: Foreign Investment Commission

Table 3
Outbound Investment Approvals by Year and by Area
(1952-2004) (unit: U.S. dollar million)

Year	China	Central Americ.	U.S.A.	ASEAN	Others	Total
-----	-----	-----	-----	-----	-----	-----
1952-89	n.a.	76	865	429	155	1,525
1990	n.a.	170	429	567	386	1,552
1991	174	268	298	720	370	1,830
1992	247	239	193	309	146	1,134
1993	1,140	194	529	434	504	2,801
	(2,028)			(2,028)		
1994	962	569	144	398	506	2,579
1995	1,093	370	248	326	413	2,450
1996	1,229	809	271	587	498	3,394
1997	1,615	1,051	547	641	655	4,509
	(2,720)			(2,720)		
1998	1,519	1,838	599	478	381	4,815
	(515)			(515)		
1999	1,253	1,359	445	522	943	4,522
2000	2,607	2,248	862	389	2,118	7,684
2001	2,784	1,693	1,093	523	1,083	7,176
2002	3,859	1,575	578	211	1,006	7,229
	(2,864)			(2,864)		
2003	4,595	1,997	467	298	1,206	8,563
	(3,104)			(3,104)		
2004	6,941	1,155	557	966	704	10,323
1952-04	1,249	15,612	8,124	7,799	10,533	83,317

Source: Foreign Investment Commission

Note: Figures in parentheses refer to investments made prior to the specified year but not previously registered.

Table 4
Outbound Investment Approvals by Industry and by Area
(1952-2004) (unit: U.S. dollar million)

Industry	China	Centr. Amer.	U.S.A.	ASEAN	Others	Total
-----	-----	-----	-----	-----	-----	-----
Total	41,249	15,612	8,124	7,799	10,533	83,317
Electronics & Electrical	14,044	429	2,597	2,925	1,779	21,774
Banking & Insurance	407	12,247	1,210	764	4,045	18,673
Services	1,428	1,111	1,169	192	652	4,552
Chemicals	2,801	68	1,099	552	144	4,664
Basic Metals & Products	3,704	76	50	639	231	4,700
Trade	352	931	259	69	765	2,376
Plastic Products	2,585	20	7	51	33	2,696
Food & Beverage	1,934	2	162	254	97	2,449
Precision Instrument	2,202	43	101	59	66	2,471
Wholesale & Retail	734	322	774	205	425	2,460
Textiles	1,446	21	43	651	180	2,341
Non-metallic Minerals	2,145	-	7	388	35	2,575
Others	7,467	342	646	1,050	2,081	11,586

Source: Foreign Investment Commission

Table 5
Technical Cooperation Projects by Year and by Area
(1952-1995) (unit: number of projects)

Year	Japan	U.S.A.	Europe	Others	Total
-----	-----	-----	-----	-----	-----
52-89	1,996	728	412	103	3,221
1990	106	54	30	10	200
1991	80	65	33	8	186
1992	193	50	19	10	175
1993	85	50	34	12	181
1994	70	39	24	6	139
1995	50	29	10	5	94
52-95	2,483	1,015	562	136	4,196

Source: Foreign Investment Commission

Note: Taiwan ceased to compile statistics on technical cooperation with foreign companies in 1996. Businesses have not been required to report technical cooperation projects to the FIC since the Statute for Technical Cooperation was abolished.

Table 6
Technical Cooperation Projects by Industry and by Area
(1952-1995) (unit: number of projects)

Year	Japan	U.S.A.	Europe	Others	Total
-----	-----	-----	-----	-----	-----
Total	2,483	1,015	562	136	4,196
Electronics & Electrical	708	416	106	16	1,246
Chemicals	416	203	160	28	807
Machinery	368	68	97	9	542
Basic Metal & Products	329	55	53	6	443
Other Services	111	106	27	42	286
Rubber Products	131	32	21	4	188
Non-metallic Minerals	97	22	24	2	145
Food and Beverage	80	38	13	9	140
Textiles	47	21	8	2	78
Construction	38	5	10	4	57
Garment & Footwear	18	14	4	3	39
Paper Products & Printing	19	13	4	-	36
Transport Equipment	20	2	8	1	31
Others	101	20	27	10	149

Source: Foreign Investment Commission

Table 7 Major U.S. Investors in Taiwan

U.S. Investor/ Local Investment	Major Products
-----	-----
NRG Energy/ Hsin Yu Energy Co.	power generation
Amkor Technology Ltd./ Amkor Technology Taiwan (Lungtan) Ltd. Amkor Technology Taiwan (Linkou) Ltd.	IC packing
AIG/ Yageo Corp. Far East Air Transport Corp. Nan Shan Life Insurance Co.	electronic Component airlines insurance

Citi Co./ Fu Bong Group	banking/finance
Pruco Insurance Group/ Masterlink Securities Co.	securities
Corning Inc./ Corning Glass Taiwan Co., Ltd.	mother glass for TFT/LCD
GTE-Verizon Taiwan Fixed Network Telecom Taiwan Cellular Corp.	fixed-line and mobile phone service
Carlyle Group/ Taiwan Broadband Co. (TBC)	cable TV
Ensite Limited (Ford Motor)/ Ford Lio Ho Motor Co.	autos
Texas Instruments Inc. Texas Instruments Taiwan Ltd.	semiconductor
AMOCO Chemical Corp./ China American Petrochemical Co.	petrochemicals
E.I. Dupont De Nemours/ Dupont Taiwan Ltd.	industrial, electronic agricultural goods
IBM Corp./ IBM Taiwan Ltd.	computers: sales and service
AETNA Life Insurance Co./ Taiwan Branch	insurance
AT & T Inc./ AT & T Communications Services Taiwan Inc. Far EasTone Telecommunications Yuan-ze Telecommunications Ltd.	telecommunication: sales and services mobile phone service
View Sonic Co./ Taiwan PCS Network Inc.	mobile phone service
Warner Village Cinema Co./ Warner Village Cinema (Taiwan) Co.	movie theater operation
United Parcel Service International Inc. (UPS)/	world wide express

UPS, Taiwan Branch	services
Intel Inc./InteX. Co.	ADSL chipset
Applied Materials Ltd./ Applied Materials Taiwan Ltd.	semiconductor mfg. equipment
General Motor Co./ Yulon GM Motor Co.	auto assembly & sales

Table 8 Major Japanese Investments in Taiwan

Japanese Investors/Investment	Major Products
Toppan Printing Co./ Toppan Electronics (Taiwan) Co. Toppan CFI (Taiwan) Co.	sales and produce color filter
Nippon Sheet Glass Co./ Taiwan Auto Glass Industry Co. Nippon Sheet Glass (Taiwan) Ltd.	auto glass mother glass
Asahi Glass Co. (AGC)/ Asahi Glass (Taiwan) Co.	mother glass
NTT DoCoMo/ KG Telecommunication Co	Phone service
Taiwan Shinkansen Corp./ Taiwan High Speed Rail Corp.	high speed rail
Sharp Corp./ Quanta Display Co.	TFT-LCD
Nissan Motor/Yulon Motor	autos
Toyota Motor/Kuozui Motor	autos
Matsushita Electronic Co./ Matsushita Electronic (Taiwan) Co., Ltd.	electrical appliances
Hitachi Co./ Taiwan Hitachi Co., Ltd. Kaohsiung Hitachi electronics Co., Ltd.	electrical appliance, and components
Yamaha Motor Co., Ltd./ Yamaha Motor Taiwan Co., Ltd.	motorcycle
Sankyo Co./Sankyo Co. Taipei	pharmaceuticals

Idemitsu Co./Shinkong Idemitsu Corp.	petrochemicals
Mitsui Co./Mitsui (Taiwan)	trading
Takashimaya Co./Ta-ya Takashimaya Dept. store	department store
Sumitomo Co./Sumitomo (Taiwan)	trading
Toshiba Co./Toshiba Compressor (Taiwan)	compressor
Sadagawa Steel Co./Sheng Yu Steel Co.	steel
Shin-Etsu Handotai Co./Shi-Etsu Handotai Taiwan Co.	semiconductor
Komatsu Co./ Formosa Komatsu Silicon Co.	silicon wafer
Fujitsu Hitachi Plasma Display Co./ Formosa Plasma Display Co.	PDP
Mitsui Mining & Smelting Co./ Taiwan Copper Foil Co.	copper foil
Kirin Brewery Co./ Taiwan Kirin Co.	beer sales

Table 9 Major European Investments in Taiwan

European Investors/Investment	Major Products
Saberasu Investments Co./ Cerberus Asset Management Co.	assets managemt. business
Goldman Sachs/ Goldman Sachs, Taipei Branch	securities; underwriting
Deutsche Telecom/ Eastern Broadband Telecom	fixed-lien service
Volkswagen Ag/Ching Chung Motor Co.	autos
Dresdner Bank Ag/Grand Cathay Securities	securities
Imperial Chemical Inc./ICI Taiwan Ltd.	chemicals
N.V. Philips/Philips Electronics (Taiwan)	electronics
Alcatel Co./Alcatel Taisel Co.	switch board

Internallianz Bank, Zurich/Kwang Hwa Securities	securities
Horwood Investment/Chi Mei Industry Co.	petrochemicals
H.S. Development & Finance/ChinaTrust Commercial Bank	banking
Infineon Technologies Inc./ Promos Technologies Inc. Inotera Co.	DRAM
Siemens Tel. Systems Ltd.	switch system & phone equipment
Isenbourg-sgp, LDA/ RT-Mart International Ltd.	shopping malls

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<http://www.moea.gov.tw/>

<http://www.trade.gov.tw/>

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
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How Do I Get Paid (Methods of Payment)?

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Bank-to-bank Letters of Credit (L/C) constitutes Taiwan's most important import-payment vehicle. Company-to-company payments are also made via two other methods: open account (O/A) and documentary collections, such as documents against payment (D/P) and documents against acceptance (D/A). The AIT Commercial Section recommends that U.S. exporters minimize financial risk by requiring their Taiwan trading partners to finance their imports through L/Cs. A large majority of Taiwan's importers utilize L/Cs with validity of up to 180 days. On the whole, U.S. companies find Taiwan's trade finance system to be efficient and report no widespread pattern of deferred payment.

Banks authorized to handle foreign exchange may issue L/Cs. This includes all local banks (and their branch offices), 9 U.S. banks and their branches, and 27 third-country banks. All banks in Taiwan that are authorized to handle foreign exchange have correspondent relations with one or more U.S. banks. This relationship includes test-key exchanges.

How Does the Banking System Operate?

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As of Oct. 2005, Taiwan had a Central Bank, 44 domestic banks (with 2,979 branch offices), four medium-size business banks (with 244 branch offices) and 36 foreign banks (with 68 local branches). In addition, there were also 30 credit cooperatives, 253 farmers' credit unions, and 25 fishermen's credit unions in Taiwan. These banks, cooperatives, and credit unions have traditionally played a dominant role in finance on the island.

The Central Bank performs all of the functions normally associated with central banks in other countries. It issues currency, manages foreign-exchange reserves, handles treasury receipts and disbursements, sets interest-rate policy, oversees the operations of local financial institutions, and serves as a lender of last resort.

Taiwan's 44 domestic banks offer a wide range of services – receiving deposits, making loans, handling trade financing and providing guarantees, and discounting bills and notes. Most are also involved in the securities business, in underwriting and trading securities and managing bond and debenture issues, as well as in providing savings-account facilities. The Chiao Tung Bank assists with long-term financing for industries and projects, while the Export-Import Bank of the Republic of China and the Farmers Bank focus on trade financing and agricultural development, respectively.

Foreign banking institutions are playing an increasingly important role on the financial scene. Foreign banks are essentially treated like domestic commercial banks; they are permitted to engage in trade financing, foreign-exchange dealings, private and corporate lending, and various kinds of trust businesses. In order to build greater overall market presence, many foreign banking institutions are currently concentrating on the development of consumer loan and credit card services.

Foreign-Exchange Controls

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There are no foreign exchange (FX) limitations for trade, insurance and authorized investment transactions. Similarly, there are no FX limitations on repatriating capital and profits related to direct and portfolio investment, providing that such investment has been permitted or approved by the Taiwan authorities. There are no limitations on inward and outward remittances not involving any exchange between the NT dollar and the foreign currency. All other inward or outward remittances for business firms are subject to a US\$50 million annual ceiling per account if such remittances involve exchange between the NT dollar and the foreign currency. Individuals are allowed to remit a maximum of US\$5 million yearly to or from overseas if such remittance involves exchange between the NT dollar and the foreign currency.

U.S. Banks and Local Correspondent Banks

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U.S. Commercial Banks Operating in Taiwan

American Express Bank Ltd.
Senior Country Executive: Phee Boon Kang
10F/13F, No. 363, Fusing N. Rd., Taipei, Taiwan
Tel: 886-2-2514-9911, Fax: 886-2-2714-9488
<http://www.americanexpress.com/taiwan>

Citibank N.A.
Head of GCIB Greater China: T.C. Chen
8F, No. 169, Jen-Ai Rd., Sec. 4, Taipei, Taiwan
Tel: 886-2-2576-6991, Fax: 886-2-2546-5029
<http://www.citibank.com.tw>

JP Morgan Chase Bank, N.A., Taipei Branch
Senior Country Officer: Carl K. Chien
8F, No. 108, Xin-Yi Rd., Sec. 5, Taipei, Taiwan
Tel: 886-2-2725-9800, Fax: 886-2-2725-9391
<http://www.jpmorgan.chase.com>

State Street Bank & Trust Company, Taipei Branch
VP & General Manager: Jane Huang
19F, No. 207, Dunhua S. Rd., Sec. 2, Taipei, Taiwan
Tel: 886-2-2735-1200, Fax: 886-2-2735-1012
<http://www.statestreet.com>

Union Bank of California, N.A.

General Manager: Joan Hung
12F, 99 Fuhsing N. Rd., Taipei, Taiwan
Tel: 886-2-2718-8220, Fax: 886-2-2719-1097
<http://www.uboc.com>

Wachovia Bank, National Association, Taipei Branch
VP & General Manager: Gabriel E. Olano
17F, 44 Chungshan N. Rd., Sec. 2, Taipei, Taiwan
Tel: 886-2-8175-8688, Fax: 886-2-2511-7957
<http://www.wachovia.com>

Wells Fargo Bank Minnesota, N.A. Taipei Branch
General Manager: Michael Gallagher
Rm. D, 12F, 109 Min Sheng E. Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2717-1577, Fax: 886-2-2719-0550
<http://www.wellsfargo.com>

Bank of America
Managing Director: Eric Ngiam
2F, 205 Tunhwa N. Rd., Taipei, Taiwan
Tel: 886-2-2715-4111, Fax: 886-2-2717-9898
<http://www.bankofamerica.com>

The Bank of New York
General Manager: James Liu
4F, 245 Tunhwa S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2771-6612, Fax: 886-2-2771-2640
<http://www.bankofny.com>

Local Correspondent Banks

Bank of Taiwan
The International Commercial Bank of China
Chiao Tung Bank
Export-Import Bank
The Farmers Bank of China
Taipei Bank
Chang Hwa Commercial Bank
First Commercial Bank
Hua Nan Commercial Bank, LTD
Chinatrust Commercial Bank
Land Bank of Taiwan

Project Financing

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Taiwan does not rely on money from multilateral institutions to facilitate investment projects. In the public sector, the Taiwan authorities rely heavily on bond issuance to cover the huge outlays connected with construction of major public works. Beginning in 1997, some major public projects were opened to private investment on a build-operate-transfer (BOT) basis. Private investment projects can easily be financed through banks on the island. Moreover, many Taiwan investors, especially large-sized companies,

employ financial instruments (including corporate bonds) to raise funds in capital markets, both at home and abroad.

Web Resources

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- Export-Import Bank of the United States: <http://www.exim.gov>
- Country Limitation Schedule:
http://www.exim.gov/tools/country/country_limits.html
- OPIC: <http://www.opic.gov>
- Trade and Development Agency: <http://www.tda.gov/>
- SBA's Office of International Trade: <http://www.sba.gov/oit/>
- USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccg/default.htm>
- U.S. Agency for International Development: <http://www.usaid.gov>

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Business Customs

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Formal business introductions in Taiwan are not complete without an exchange of business cards. It is advisable for foreign visitors to have their cards printed in both English and Chinese (using traditional Chinese characters, not simplified). There are numerous printers in Taiwan specializing in printing these indispensable business aids. They offer accurate, low-cost service, with card orders normally being filled within days. Since cards are required on nearly every business occasion, it is a good idea to carry a number of them at all times.

The New Taiwan Dollar (NT\$) is the official currency. It is circulated in one-, five-, ten-, twenty- and fifty-dollar coins, and one hundred, two-hundred, five-hundred, one-thousand, and two-thousand dollar notes. Since the relaxation of foreign currency controls in 1987, exchange between foreign currency and the NT\$ has become relatively free, although it is still limited to authorized banks and dealers.

Up to NT\$60,000 and US\$10,000 can be brought into or out of Taiwan by a foreign visitor. Amounts in excess of the above are required to be declared to the customs office when entering or departing the island. Foreign currency can be exchanged at the airport as well as at authorized banks and hotels. Receipts must be presented while exchanging unused NT dollars before departure. Internationally recognized credit cards are accepted in many hotels, restaurants and shops. The use of automatic-teller machines is very popular on the island, and many of these participate in international ATM networks. It should be noted that a surcharge is sometimes added when payment is made by credit card.

In most instances, tipping is not necessary. A 10-percent service charge is usually added to restaurant and hotel bills, eliminating the need for gratuities in such situations. It is, however, relatively common to leave the change when a bill is paid. Porters at hotels and airports customarily receive tips for their services. Approximately NT\$50 - NT\$100 per item of luggage is acceptable. It is not necessary to tip in taxis unless assistance with luggage is rendered, but most drivers do appreciate being allowed to keep small change.

Travel Advisory

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Taiwan has a low level of violent crime. Although visitors should take precautions to prevent violence, most streets of Taipei and other cities are generally safe at any hour. While violent crime is rare, Taiwan's pickpockets and thieves are extremely clever, so valuables should be properly secured. Taxi drivers, restaurateurs, store clerks and other service people are normally quite honest and often solicitous of the needs of the non-Chinese speaking foreign guest. The people of Taiwan are generally outgoing toward foreigners and often will go out of their way to assist visitors.

The State Department Consular Information Sheet for Taiwan can be found at http://travel.state.gov/travel/warnings_consular.html

Visa Requirements

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Taiwan law provides several different options for foreign visitors, the choice of which depends of the length and purpose of the visit.

- U.S. citizens and citizens of 17 other nations may visit Taiwan for up to thirty days without a pre-arranged visa, provided they have a passport valid for at least six months after the proposed date of departure and an onward/return plane ticket off the island with reservations. No extensions of stay are permitted under this program.
- A traveler may apply for a Landing Visa upon arrival and may be admitted for up to 30 days or up to the day the passport expires. No extension of stay is allowed.
- A Visitor Visa is appropriate for tourism, business, or study and may be obtained at a Taiwan representative office abroad. It is usually valid for five years, allows multiple entries for stays of up to sixty days. A holder of sixty-day visas that do not bear the stamp "No Extension Will be Granted" may apply for a maximum of two additional 60-day extensions at the local city/county police headquarters. A flow chart about Visitor Visa application is available at the website <http://www.boca.gov.tw>. In order to work in Taiwan, a traveler must have a work permit and a resident visa.
- Resident Visas are normally issued if the applicant has a valid work permit or is married to a Taiwan national. Note, however, that a Resident Visa does NOT automatically convey permission to work in Taiwan. For that a separate work permit is required. When applying for Resident Visas, applicants must submit supporting documents or official letters of approval from a competent authority in Taiwan, together with completed application forms. Normally, foreign nationals make application through their domestic Taiwan agents, representatives or affiliates of their firms.

For additional details about Taiwan visas, including current fees, you should visit the web site www.boca.gov.tw or www.AIT.org.tw.

U.S. Companies that require travel of foreign business persons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

- State Department Visa Website: <http://travel.state.gov/visa/index.html>
- United States Visas: <http://www.unitedstatesvisas.gov/>
- The Consular Section of the American Institute in Taiwan: <http://www.ait.org.tw>

Telecommunications

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In general, Taiwan's telecommunications systems are both efficient and convenient. Cities in Taiwan are equipped with public pay phones that can be used for both local calls and domestic long-distance calls. Phone-card telephones are available all over the island. Prepaid cards for these phones can be purchased from train stations, bus terminals, and convenience stores. International calls can be made from private cell phones, public International Direct Dialing (IDD) phones, or hotel IDD phones. Cellular phones are very popular, with many operators offering preferential rates or packages. The Global System for Mobile Communications (GSM) has been the standard for cellular phone service. Facsimile is widely used everywhere in Taiwan. The main office of the Chunghwa Telecom Co., LTD. (CHT) provides 24-hour facsimile service. Most major hotels and business service centers offer facsimile and electronic mail services. Many networking companies also provide Internet services to meet growing domestic demand.

Transportation

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Taiwan has two international airports: Chiang Kai-shek (CKS) airport in Taoyuan (about 40km from Taipei City), and Hsiao-Kang airport in Kaohsiung in the south. CKS airport is the primary gateway to the island. It generally takes about one hour to travel from CKS airport to Taipei City. Airport buses to Taipei depart from the airport every 15 minutes, and tickets cost about NT\$110-140 per person. Buses from the airport to Hsinchu, Taichung, Changhua, Tainan and Kaohsiung are also available. Taxis are available at the airport. A 50 percent surcharge is added to the meter fare. The total cost of a taxi ride from the airport to Taipei is about NT\$1,000-1,200. Many large hotels offer car or mini-bus services from the airport to Taipei. It is, however, necessary to arrange such services when making hotel reservations. The Kaohsiung airport offers regular flights to major destinations in the region. There are also several domestic airports and domestic airlines that provide fast and convenient connecting flights between Taiwan's larger cities, as well as its outlying islands.

Taiwan also has five international seaports with modern facilities: Keelung in the north, Taichung in the west, Kaohsiung in the south, and Suao and Hualien in the east. The Kaohsiung Harbor is the world's fourth largest container transshipment port.

Taxis are widely available in Taipei and other major cities. For most cities, a meter is used to calculate the fare while out-of-town or long-distance travels may not apply to

meter charge. The basic charge is NT\$70 for the first 1.5 kilometers, with an additional NT\$5 for every additional 300 meters. In addition, there is an NT\$5 charge for every two minutes for waiting, and a 20 percent nighttime surcharge is added to fares between 11 pm and 6 am. Several taxi services that can be booked over the telephone are also in operation. A surcharge of NT\$10 is applicable on such calls. These services are generally considered safer and more reliable than individual taxis. All taxis have a surcharge of NT\$10 for luggage service, and there is a surcharge of 20 percent in effect for two days before the eve of the Chinese New Year until the end of that holiday period. Since most taxi drivers cannot speak English, the visitor should always carry Chinese-language versions of both his hotel name card and that of his desired destination.

Taipei boasts seven Mass Rapid Transit (MRT) lines - the Danshui Xindian, Beitou Nanshijiao, Banqiao Nangang, Muzha, Xinbeitou, Xiaonanmen, and Xiaobitan – in operation with a combined track length of 65.3 kilometers. Fares of NT\$20 - NT\$65 are charged for a full-route ride on the seven lines. The seven lines form a transportation network connecting downtown Taipei with the suburban areas of Muzha, Danshui, Xindian, Tucheng and Nangang.

Bus services in major cities are extensive, but can be incomprehensible to foreign visitors. A comprehensive long-distance bus system, run by Guo-Guang Bus Corp., Union Bus, Dragon Bus, Free Go Bus Corp. and Aloha Bus, enables people to travel virtually anywhere on the island quickly, comfortably and at reasonable cost. The Taiwan Railway Administration operates an extensive rail network that is more than 1,000 kilometers in length.

Language

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Mandarin is the official language on the island. Taiwanese is also commonly spoken, especially in the southern and rural areas. English is by far the most popular foreign language, and large numbers of people speak it with fluency. In particular, those working in hotels, business, or public organizations are likely to have a good command of the language. Moreover, many people, especially those educated before the Second World War, can also speak Japanese.

Health

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As is true of many other tropical and sub-tropical areas, tap water in Taiwan should be boiled before drinking, although water quality is certainly improving in the major cities. Hotels and restaurants do provide drinking water, and bottled mineral water is widely available. Visitors should also take special care to wash all fruits and vegetables before eating and avoid eating in any of the island's countless street stalls, for at least the first few weeks.

There are several international-standard private and public hospitals and clinics. Taiwan also offers high-quality dental care, with most clinics being privately operated. The majority of doctors and dentists in Taiwan speak English well. Qualified foreign nationals with alien resident certificates and their family members can apply for coverage under the National Health Insurance Program (NHIP).

Many western brand-name pharmaceuticals are sold in Taiwan, often without prescription. In addition, a wide range of foreign and domestic over-the-counter non-prescription drugs is available. Visitors should, however, bring sufficient supplies of any specific medications that they might require. Emergency medical treatment can be obtained by dialing 119.

Local Time, Business Hours, and Holidays

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Taiwan is 8 hours ahead of Greenwich Mean Time and 13 hours ahead of U.S. Eastern Standard Time. Generally, business hours are from 9:00 a.m. to 5:30 p.m. for office workers and from 8:00 a.m. to 5:00 p.m. for factory workers. There is a one-hour lunch break in each case. Banks are open from 9:00 a.m. to 3:30 p.m. without a lunch break.

There are four holidays and four festivals in Taiwan. Dates for the four festivals -- Chinese Lunar New Year Day, Tomb-Sweeping Day, Dragon Boat Festival, and Mid-Autumn (Moon) Festival -- change with the lunar calendar.

Holidays	Dates in 2006
Founding Day/New Year's Day	January 1
Chinese Lunar New Year	January 28 – February 2
Peace Memorial Day	February 28
Tomb-Sweeping Day	April 5
Labor Day	May 1
Dragon Boat Festival	May 31
Mid-Autumn (Moon) Festival	October 6
Double Tenth/National Day	October 10

Temporary Entry of Materials and Personal Belongings

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Personal belongings and household articles (excluding controlled or restricted articles) carried by inbound passengers may be granted duty exemption as follows:

- Each person, 20 or over in age, may bring in alcoholic beverage (1,000 cc or less without limitation on how many bottles), plus 200 cigarettes, or 25 cigars or one pound of tobacco.
- Articles are already owned and used by the passenger abroad, and their customs value does not exceed NT\$10,000 for each piece.
- Other articles for personal use (not including the articles mentioned above) if their total customs value does not exceed NT\$20,000 for each passenger.

Samples carried by inbound passengers may be granted duty exemption if the total customs value does not exceed NT\$12,000. Duty and, in some cases commodity tax and/or value added tax, will be imposed on articles imported in excess of the exemption limit.

Taiwan uses electric current of 110 volts at 60 cycles. Appliances from Europe, Australia or South-East Asia will need an adaptor or transformer. Many buildings have outlets with 220 volts especially for the use of air conditioners. Travelers are advised to carry personal medications.

U.S. Business Travelers are encouraged to view "Key Officers of Foreign Service Posts: Guide for Business Representatives", available on the Internet at <http://www.state.gov/travel>.

Business travelers to Taiwan seeking appointments with The American Institute in Taiwan should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at 886-2-2720-1550, fax at 886-2-2757-7162 or by e-mail at Taipei.Office.Box@mail.doc.gov.

An English language site for visitors to Taiwan can be found at: <http://iff.nhpa.gov.tw/enfront/index.php>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. Trade Related Contacts

American Institute in Taiwan (AIT)

Commercial Section

Chief: Greg Loose

Suite 3207, 333 Keelung Rd., Sec. 1, Taipei, Taiwan

Tel: 886-2-2720-1550 ext. 382, Fax: 886-2-2757-7162

Website: <http://www.buyusa.gov/taiwan/en>

Agriculture Trade Office

Director: Hoa Huynh

Suite 704, 7Fl., 136 Jen Ai Rd., Sec. 3, Taipei, Taiwan

Tel: 886-2-2705-6536 ext. 287, Fax: 886-2-2706-4885

Website: <http://ait.org.tw>

Agriculture Section

Chief: Scott Sindelar

7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei, Taiwan

Tel: 886-2-2162-2000 ext. 2317, Fax: 886-2-2162-2238

Website: <http://ait.org.tw>

Economic Section

Chief: Daniel Moore

7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei, Taiwan

Tel: 886-2-2162-2000 ext. 2374, Fax: 886-2-2162-2240

Website: <http://ait.org.tw>

Washington, D.C.-Based Country Contacts

AIT/Washington

Trade and Commercial Programs

Director: Rick Ruzicka

Suite 1700, 1700 N. Moore Street

Arlington, VA 22209

Tel: 703-525-8474, Fax: 703-841-1385

U.S. Department of Commerce

US & Foreign Commercial Service, East/Asia Pacific
Regional Director: William Zarit
Room 3122, 14th and Constitution Ave. NW
Washington, D.C. 20230
Tel: 202-482-0423, Fax: 202-501-6165
Website: <http://www.doc.gov>

U.S. Department of Commerce
Trade Information Center
Room 7424, 14th and Constitution Ave. NW
Washington, D.C. 20230
Tel: 1-800-USA-TRADE
Website: <http://www.doc.gov>

U.S. Department of Agriculture
Foreign Agricultural Service
Trade Assistance and Promotion Office
South Building, 14th and Independence Ave. SW
Washington, D.C. 20250
Tel: 202-720-7420
Website: <http://www.fas.usda.gov>

AmCham and/or Bilateral Business Councils

US-Taiwan Business Council
President: Rupert J. Hammond-Chambers
Suite 1703, 1700 North Moore Street
Arlington, Virginia 22209
Tel: 703-465-2930, Fax: 703-465-2937
Website: <http://www.us-taiwan.org>

American Chamber of Commerce in Taipei
President: Tom Johnson
Suite 1012, Chia Hsin Building Annex
96 Zhongshan N. Rd., Sec 2, Taipei, Taiwan
Tel: 886-2-2537-9220, Fax: 886-2-2542-3376
Website: <http://www.amcham.com.tw>

Taiwan External Trade Development Council (TAITRA)
President and CEO: Mr. Yuen-Chuan Chao
4-7F, 333 Keelung Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2725-5200, Fax: 886-2-2757-6653
Website: <http://www.taiwantrade.com.tw>

Trade or Industry Associations

Chinese National Association of Industry & Commerce
Chairman: Theodore M.H. Huang
13F, 390 Fuhsing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2707-0111, Fax: 886-2-2707-0977
Website: <http://www.cnaic.org>

Chinese National Federation of Industries
Chairman: Chen Hsiung Hou
12F, 390 Fuhsing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2703-3500, Fax: 886-2-2705-8317
Website: <http://www.industry.net.tw>

Public Agencies

Ministry of Economic Affairs (MOEA)
Minister: Mei-Yueh Ho
15 Fuzhou St., Taipei, Taiwan
Tel: 886-2-2321-2200, Fax: 886-2-2391-9398
Website: <http://www.moea.gov.tw>

Ministry of Finance (MOF)
Minister: Chuan Lin
2 Aikuo W. Rd., Taipei, Taiwan
Tel: 886-2-2322-8000, Fax: 886-2-2356-8774
Website: <http://www.mof.gov.tw>

Board of Foreign Trade (BOFT), MOEA
Director General: Chih-Peng Huang
1 Hukou St., Taipei, Taiwan
Tel: 886-2-2351-0271, Fax: 886-2-2351-3603
Website: <http://www.trade.gov.tw>

Ministry of Transportation and Communications (MOTC)
Minister: Ling-San Lin
2 Changsha St., Sec. 1, Taipei, Taiwan
Tel: 886-2-2349-2900, Fax: 886-2-2389-6009
Website: <http://www.motc.gov.tw>

Directorate General of Telecommunications, MOTC
Director General: Jen-Ter Chien
16 Chi-Nan Rd., Taipei, Taiwan
Tel: 886-2-2343-3969, Fax: 886-2-2343-3728
Website: <http://www.dgt.gov.tw>

Council of Agriculture (COA), Executive Yuan
Minister: Ching-Lung Lee
37 Nanhai Rd., Taipei, Taiwan
Tel: 886-2-2312-6000, Fax: 886-2-2361-4397
Website: <http://www.coa.gov.tw>

Department of Health (DOH), Executive Yuan
Minister: Sheng-Mou Hou
100 Aikuo E. Rd., Taipei, Taiwan
Tel: 886-2-2321-0151, Fax: 886-2-2321-2907
Website: <http://www.doh.gov.tw>

Environmental Protection Administration (EPA), Executive Yuan
Minister: Juu-En Chang
41 Chunghwa Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2311-7722; Fax: 886-2-2311-6071
Website: <http://www.epa.gov.tw>

Bureau of Standards, Metrology and Inspection (BSMI), MOEA
Director General: Neng-Jong Lin
4, Chinan Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2321-2790; Fax: 886-2-2356-0998
Website: <http://www.bsmi.gov.tw>

Other U.S. Government Contacts

U.S. Department of State
Office of Business Affairs
2201 C Street N.W.
Washington, D.C. 20520
Tel: 202-647-1625, Fax: 202-647-3953

Overseas Private Investment Corporation
1100 New York Avenue, N.W.
Washington, D.C. 20527
Tel: 202-336-8400

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

- <http://www.export.gov/tradeevents.html>
- <http://www.buyusa.gov/taiwan/en>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/taiwan/en/findbuyers.html>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.